

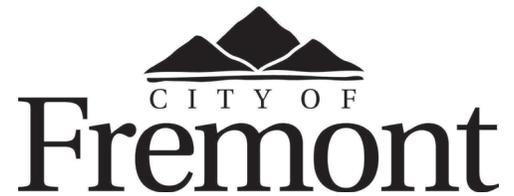


# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016



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# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2016**

**Prepared by the Finance Department**

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# Letter of Transmittal



## *Finance Department*

3300 Capitol Avenue, Building B | P.O. Box 5006, Fremont, CA 94537-5006  
510 494-4610 *ph* | 510 494-4611 *fax* | [www.fremont.gov](http://www.fremont.gov)

December 6, 2016

To the Honorable Mayor, Members of the City Council and Citizens of the City of Fremont, California

Various financing covenants and rules associated with restricted funding sources require the City of Fremont, California (City) to publish a complete set of audited financial statements presented in conformance with generally accepted accounting principles (GAAP). This report is published to fulfill that requirement for the fiscal year ended June 30, 2016.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Macias Gini & O’Connell LLP, a firm of licensed certified public accountants, has issued an unmodified (“clean”) opinion on the City’s financial statements for the fiscal year ended June 30, 2016. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## ***Profile of the Government***

The City of Fremont, incorporated in 1956, is located at the southeast end of the San Francisco Bay. With a population of over 229,000, Fremont is the fourth largest city in the Bay Area, the 16th largest in California, and the 96th most populous city in the nation. The City of Fremont is approximately 92 square miles in size. In addition to a large cluster of high tech companies, Fremont has attracted many biotechnology and clean technology companies and serves as a center for advanced manufacturing in the region.

The City of Fremont has operated under the council-manager form of government since its incorporation in 1956. Policy-making and legislative authority are vested in a five-member governing council consisting of the Mayor and four Councilmembers. The City Council is responsible for, among other things, passing ordinances, adopting the budget, approving the Mayor’s nominees to commissions, and hiring both the City’s manager and its attorney.

## Letter of Transmittal

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The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis. Councilmembers serve four-year staggered terms, with two Councilmembers elected every two years. The Mayor is elected to serve a four-year term. The Mayor and Councilmembers are elected at large and all are subject to a two-term limit.

The City of Fremont provides a broad range of services, including police and fire protection, construction and maintenance of streets, parks, storm drains and other infrastructure, building inspections, licenses and permits, recreational and cultural activities, and human services programs. The City also manages franchises for solid waste, cable television, and energy.

The City of Fremont is a general law city and, as such, does not operate under the provisions of a voter-approved charter. As with other California cities, Fremont has limited ability to set tax rates. The State Constitution establishes a maximum rate for property tax and limits the growth of assessed value. The property tax collected by the County is allocated among the taxing jurisdictions in the County based on criteria established by the State Legislature. The rate and tax base of the City's other major general tax, sales tax, are also controlled by the State Legislature or the Constitution, rather than the City Council.

Increases of existing local taxes and any new taxes require voter approval. Taxes used for general purposes are subject to approval by a simple majority of voters, while taxes levied for specific purposes require a two-thirds majority of voters, as do property tax levies used to pay for debt issued to build capital assets.

Assessments have varying requirements for voter approval, ranging from approval through Council action unless challenged by a majority protest, to two-thirds voter approval, with voting rights apportioned based on the amount of the assessment. In addition, fees for facilities and services are subject to requirements that they be set at levels that do not exceed the reasonable costs of providing those services. As a result, fund balances generated by differences between fee revenue and related expenses are restricted or committed for services and facilities that benefit fee payers.

The City of Fremont budget policies are subject to California State law, GAAP, and actions of the City Council. The City's annual operating budget is adopted by the City Council by July 1 each year. The annual budget sets appropriations by fund, with further allocation by department or program. At the fund level, expenditures may not legally exceed appropriations. The City Manager is authorized to transfer budgeted amounts between departments or programs within any fund. The annual budget resolution authorizes the City Manager to increase appropriations for operating expenditures due to increases in grant or activity-based revenues in an amount not to exceed the increased grant or activity-based revenues. All other revisions or transfers that alter the total appropriations of other funds must be approved by the City Council, which also may adopt supplemental appropriations at any time during the year.

## *Local Economy*

Fremont is the fourth largest city in Silicon Valley, with a vibrant and diversified globally connected economy with important assets such as a centralized Bay Area location, access to the Bay Area Rapid Transit (BART) commuter rail system, and a world class workforce. For these reasons, Fremont is home to dozens of innovative firms, including Tesla Motors, Lam Research, Seagate Technology, Western Digital, ThermoFisher Scientific, Delta Products and more. Considered the advanced manufacturing hub of Silicon Valley, approximately 22% of working adults in Fremont are employed in manufacturing. The growth of Tesla has resulted in an equally impressive growth of new companies in its supply chain within the City and region. In December 2016, the City Council approved Tesla's master plan, which contemplates up to four million additional square feet of development on its factory site, as it ramps up production for its next generation vehicle, Model 3. Two of Fremont's most prominent sectors are clean technology and biomedical. Fremont is home to a growing cluster of nearly 50 clean-tech companies, such as Solar City, Soraa, and GenZe, and it has been recognized as having the largest number of biomedical manufacturing companies in the Bay Area.

Growing industries and employment sectors include:

- Electric vehicle industry
- High-tech and information technology
- Clean and green technology
- Biotechnology and life sciences
- Logistics, warehousing, and goods movement
- Medical

According to a report completed by San Francisco-based SizeUp.com, Fremont is ranked No. 1 in the country for technology start-up business per capita, with 21 for every 100,000 residents. Fremont was voted the 2nd Most Inventive City in America for number of patents in 2010 by *The Daily Beast/Newsweek*, and ranks 4th in Silicon Valley for number of patents obtained in the past decade. Corporate expansion activity in the City has resulted in over \$500 million of investment over the last five years. And with nearly 50 million square feet of office, R&D, manufacturing, and warehouse building space, Fremont has 65% of all R&D real estate inventory in the East Bay Area.

Fremont is one of the most ethnically and culturally diverse cities in the Bay Area, with highly educated residents and high-paying jobs in a variety of business sectors. The average household income is \$114,684, and 49% of Fremont's residents have bachelor's, graduate, or professional degrees. Fremont was recently named the 5th best run city in the nation by 24/7 Wall Street and the 10th happiest mid-size city in America by CareerBliss.

### *Long-Term Financial Planning and Major Initiatives*

The City maintains a multi-year forecasting model for operating revenues and expenditures, and also produces a five-year capital plan that includes debt service. The multi-year forecast is regularly updated to reflect current revenue and expenditure assumptions and is presented to the City Council at mid-year and during the budget process for the next fiscal year. The City's five-year capital plan is updated every two years.

The City Council has continued to focus attention on the long-term benefits of transportation infrastructure improvements, recruitment of consumer retail uses to balance the City's business-to-business sales tax base, development of a pedestrian-oriented urban center in the City's Downtown area, and development opportunities for employment based advanced manufacturing businesses and their partners in the City's Warm Springs Innovation District. Significant resources have been invested in the City's estimated share of regional freeway interchanges. Four interchanges were constructed using local funds to allow the completion of extensive freeway investments funded by Alameda County, the State, and the federal government. This investment completed the upgrade to I-880 through Fremont years earlier than would have otherwise been the case. Construction was also completed on two grade separation projects that will increase safety, reduce congestion, and facilitate the extension of BART south to the City's Warm Springs district and, eventually, to San Jose.

Fremont has long been the end of the BART line in the East Bay, but that will change with the opening of the South Fremont/Warm Springs station in 2016/17, and by 2018/2019, BART will extend 10 miles further south to San Jose. This BART expansion will open up the South Fremont/Warm Springs area from both the north and the rest of Silicon Valley to the south. This area is critically important to the City and the region and represents a unique convergence of forces. Tesla Motors now anchors this district in the former NUMMI plant. There is also an abundance of industrial space and vacant land. Recently, Union Pacific Railroad (UPRR) sold 160 acres to Lennar. Construction of Lennar's mixed use project, including 2,200 residential units and 1.7 million square feet of Industrial/commercial, began in fall 2016. In addition, Toll Brothers and Valley Oak have both received recent Council approval for a total of 1,786 additional residential units, including 234 affordable rental units, 330,000 square feet of commercial/class A office space, a hotel, incubator/accelerator space, and live/work units. Construction for these projects is anticipated to begin in 2017.

The new BART station that will open in 2016/17 is within walking distance of Tesla Motors and the Lennar property. The City and the region are heavily invested in ensuring the area is developed strategically and takes advantage of the huge public support and regional access provided by the new BART station. A Feasibility Study for the Warm Springs West Access Bridge, which will connect the existing and proposed workforce to the new BART station, and conceptual bridge design, was approved by City Council in October 2014 and the final design of the bridge and plaza were approved by City Council May 3, 2016. A partnership with BART has also been defined and was solidified in early 2016 through an Agreement Memorandum of Understanding that defines the roles and responsibilities of both the City and BART in relation to the design, construction, on-going operation and maintenance, and ownership of the bridge. In July 2016, the Alameda County Transportation Commission (ACTC) awarded Measure BB funds in the amount of \$25M for construction and construction management of the bridge and plaza project. Construction is slated to

begin in summer 2017 and completion is anticipated in spring 2018. This connection is critical for the success of the Innovation District as it provides an essential pedestrian and bicyclist connection from the larger employment and residential centers to the west of the BART Warm Springs / South Fremont Station.

In addition, with its ideal Silicon Valley location, Downtown Fremont is poised to become a vibrant urban mixed use district within the City Center that will serve as a destination for the City and region. Pending new developments will help create an exciting new district in Fremont in keeping with the City's new general plan goal of becoming "strategically urban." Downtown will provide Fremont with a focal point and community gathering space – a more sustainable, pedestrian-friendly public realm activated with street-level commercial, retail, civic uses and public open spaces that stimulate economic activity and entice high-quality, high-intensity development to the district. Development projects will take advantage of the close proximity and connections to the Fremont BART station. The building development patterns will change the district's character from today's low-density, vehicular-oriented suburban development fronting surface parking lots to a mid-density, transit-oriented development directly fronting streets and sidewalks.

Some elements of the overall plan have been completed; for example, Urban Housing celebrated its grand opening in July 2013 of a 300-unit apartment project, and TMG Partners/Sares Regis/SummerHill have begun construction on the Downtown's first mixed use project which entails 157 ownership housing units including condos, stacked flats, and row homes. In addition, the project includes 21,000 square feet of critical ground floor retail space that will set the tone for the vibrant pedestrian environment the vision supports. Another highlight is the completed extension of Capitol Avenue between Paseo Padre Parkway and Fremont Boulevard setting the tone for the multi-modal, pedestrian retail spine that will be a catalyst for attracting additional private investment.

The 2016/17 budget as adopted by the City Council provides funding to maintain City facilities and infrastructure, take advantage of economic development opportunities in the Downtown and Warm Springs Innovation District, construct affordable housing, extend library hours, and increase social services grants.

### ***Relevant Financial Policies***

The City of Fremont has adopted a comprehensive set of financial policies. These policies address topics like cash management, risk management, reserves and stabilization accounts, and debt capacity, issuance and management. The policies are included with the annual operating budget, and are reviewed each year in conjunction with the adoption of the annual operating budget.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fremont for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the 32nd consecutive year the City has received this prestigious award. To be awarded a Certificate

## Letter of Transmittal

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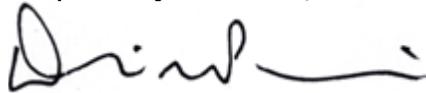
of Achievement, the City published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

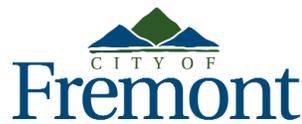
The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for FY 2015/16. This was the 19th consecutive year the City received this prestigious award. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all City departments for their assistance in providing the data necessary to prepare this report. Credit and thanks are also due to the City Manager, and the Mayor and City Councilmembers for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Fremont's finances.

Respectfully submitted,



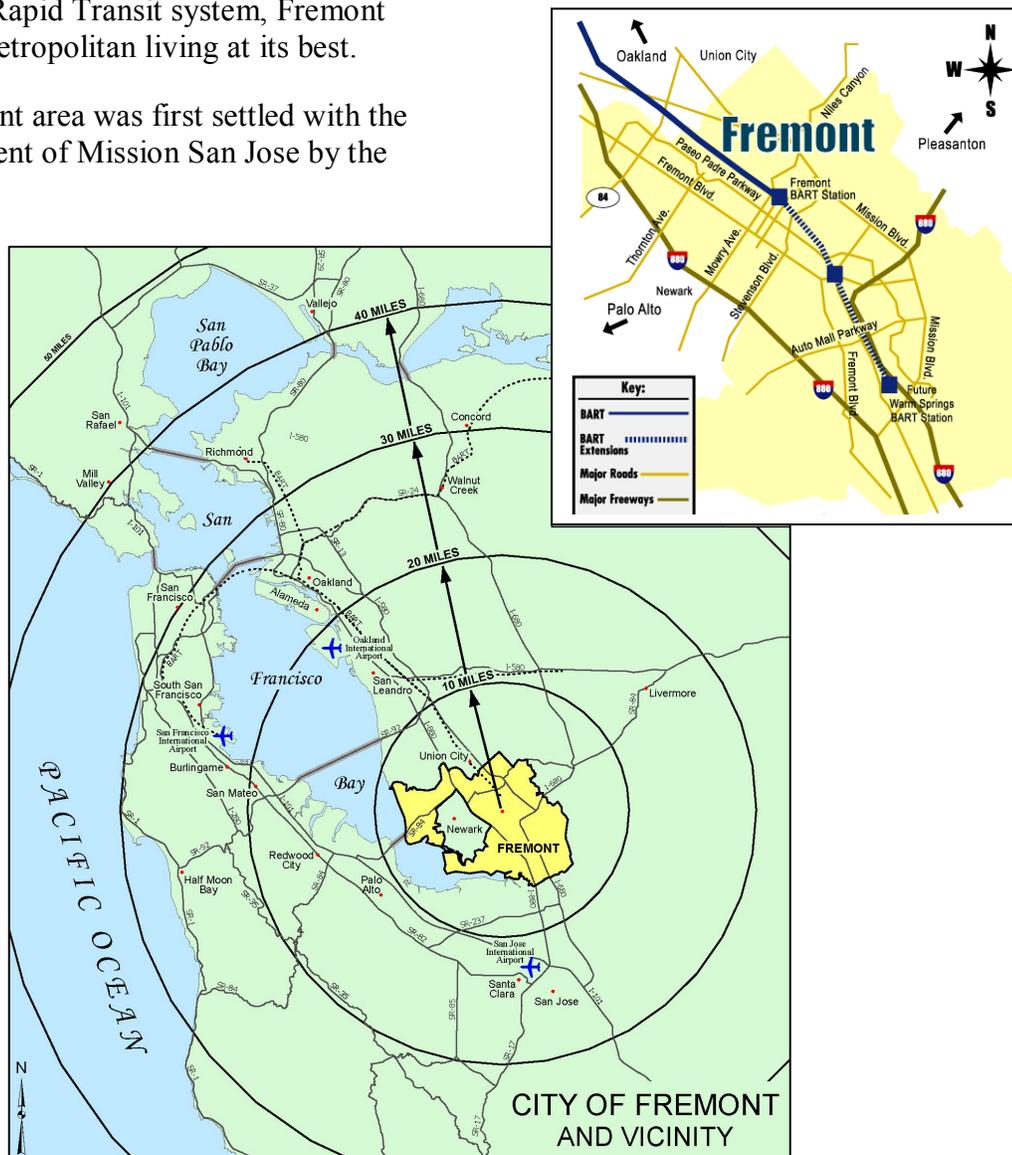
David Persselin  
Finance Director/Treasurer



Located on the southeast side of the San Francisco Bay, Fremont is a city of over 229,000 people with an area of 92 square miles, making it the fourth largest city in the San Francisco Bay Area and ranks 96th among the most populous cities in the nation according to the U.S. Census Bureau. With its moderate climate and its proximity to major universities, shopping areas, recreational and cultural activities, employment centers, major airports, and the Bay Area Rapid Transit system, Fremont captures metropolitan living at its best.

Spanish. In the mid-1840s, John C. Fremont mapped a trail through Mission Pass to provide access for American settlers into the southeastern San Francisco Bay Area. In 1853, Washington Township was established, taking in the communities of Mission San Jose, Centerville, Niles, Irvington, and Warm Springs. On January 23, 1956, these communities joined together to form the City of Fremont.

The Fremont area was first settled with the establishment of Mission San Jose by the





### City Council

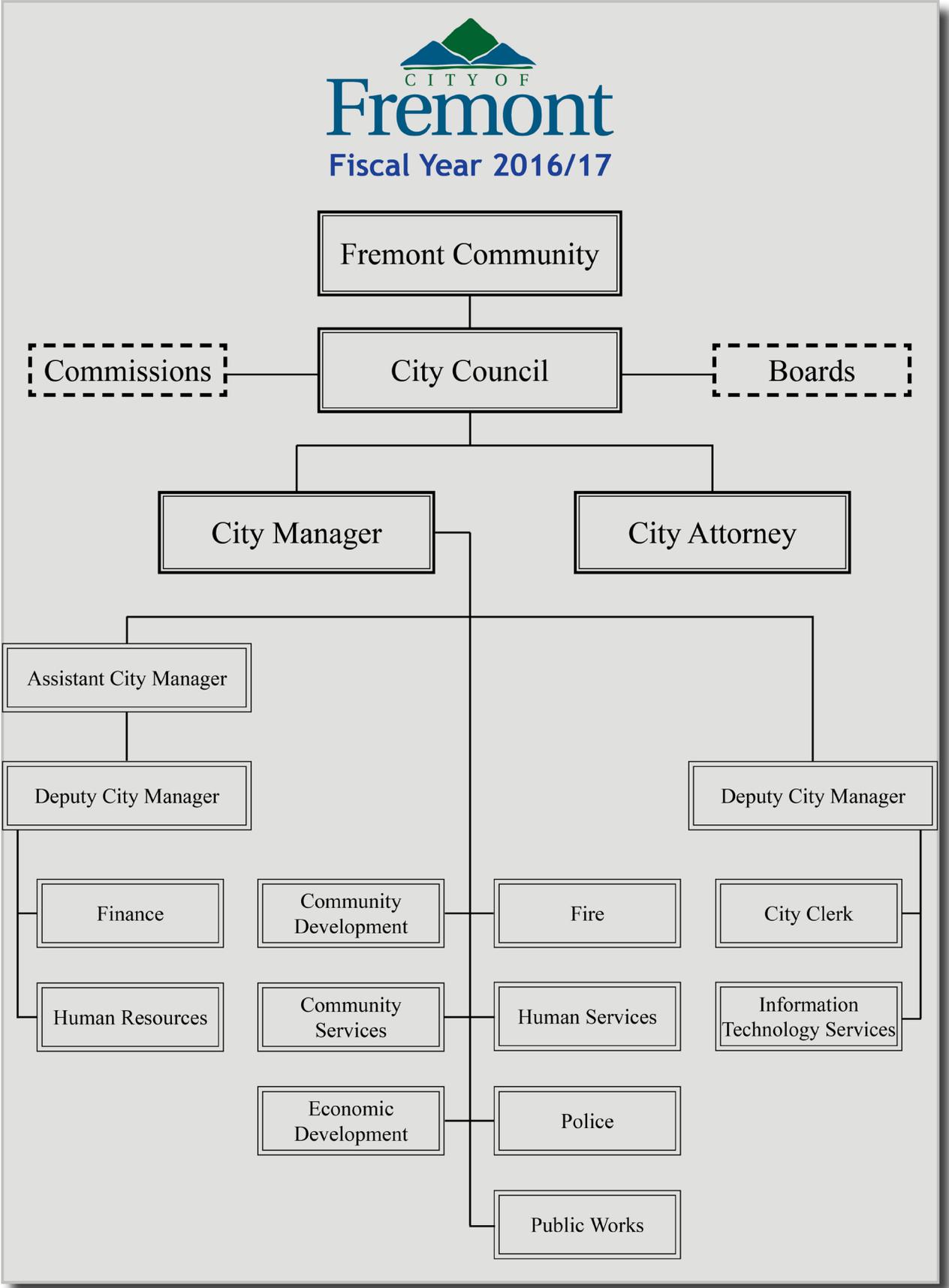
Bill Harrison, Mayor  
Lily Mei, Vice Mayor  
Suzanne Lee Chan, Councilmember  
Vinnie Bacon, Councilmember  
Rick Jones, Councilmember

### City Executive Staff

Fred Diaz, City Manager  
Harvey Levine, City Attorney  
Jessica von Borck, Assistant City Manager  
Karena Shackelford, Deputy City Manager  
Brian Stott, Deputy City Manager  
Debra Margolis, Assistant City Attorney  
Marilyn Crane, Information Technology Services Director  
Susan Gauthier, City Clerk  
Kelly Kline, Economic Development Director  
Geoff LaTendresse, Fire Chief  
Hans Larsen, Public Works Director  
Richard Lucero, Police Chief  
David Persselin, Finance Director  
Jeff Schwob, Community Development Director  
Suzanne Shenfil, Human Services Director  
Suzanne Wolf, Community Services Director

### CAFR Team

Julie Battershell, Senior Accountant  
Anita Chang, Accounting Technician  
Elisa Chang, Executive Assistant/Graphic Artist  
Norma Cutter, Treasury Analyst  
Tricia Fan, Senior Accountant  
Tish Saini, Senior Accountant  
Mike Sung, Deputy Director of Finance  
Ellen Zhou, Accountant



## Certification of Achievement for Excellence in Financial Reporting

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The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fremont for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the 32nd consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and legal requirements. A Certificate of Achievement is valid for one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

### Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Fremont  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



## Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Fremont, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fremont, California (City), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Prior-Year Comparative Information*

We have previously audited the City's financial statements as of and for the fiscal year ended June 30, 2015, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 14, 2015. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Independent Auditors' Report

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### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, the modified approach for the City's infrastructure information, the schedules of changes in the net pension liability and related ratios, the schedules of contributions, and the schedule of other post-employment benefits funding progress as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Walnut Creek, California  
December 6, 2016

### ***Introduction***

As management of the City of Fremont (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages 1-6 of this report. In addition, some prior fiscal year balances have been reclassified to match the format of the current fiscal year presentation.

### ***Financial Highlights***

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$693.4 million (net position). Excluding the \$288.0 million net pension liability, \$97.0 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.
- The City's net position increased by \$58.8 million from the prior year.
- As of June 30, 2016, the City's governmental funds reported combined fund balances of \$282.4 million, an increase of \$47.1 million in comparison with the prior year. Of this amount, 12.4% (\$34.9 million) is available for spending at the City's discretion (unassigned fund balance).
- As of June 30, 2016, unassigned fund balance in the General Fund was \$36.3 million, or approximately 20.3% of total General Fund expenditures and transfers out. Of this amount, \$17.3 million was set aside by City Council policy to address severe unforeseen events (contingencies), \$3.7 million was set aside by City Council policy to offset uncertainty in the multi-year budget forecast, \$4.3 million was set aside by Council policy to provide a source of working capital for new programs or undertakings that have potential for receiving significant funding from outside sources, organization retooling, process improvement, and strategic entrepreneurial opportunities, and \$4.3 million was set aside by City Council policy to mitigate the effects of future economic downturns and unanticipated cost increases beyond the City's control. For more information, please refer to the note titled *Minimum Fund Balance Policies* (Note 1.I.13.) in the Notes to the Basic Financial Statements.
- The City's total outstanding long-term debt increased by \$2.7 million during the fiscal year ended June 30, 2016.

## Management's Discussion and Analysis

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### *Overview of the Financial Statements*

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation and other compensated leave).

All of the City's activities are considered to be governmental in nature and, as a result, no business-type activities are reported in these statements. Governmental activities are those that are principally supported by taxes, fees, and other revenues. For the City, governmental activities include general government administration, police services, fire services, human services, capital assets maintenance and operations, recreation and leisure services, and community development and environmental services.

The City is the primary government in this report. There are no discretely presented component units. However, these financial statements include two other entities that, although legally separate, are important because the City is financially accountable for them. These component units are the Fremont Public Financing Authority (Financing Authority) and the Fremont Social Services Joint Powers Authority (Social Services JPA). The financial activities of the Financing Authority and the Social Services JPA are integrally related to those of the City and are "blended" with those of the City.

The government-wide financial statements can be found on pages 29-31 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements either reinforce information in the government-wide financial statements or provide additional information.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 34 individual governmental funds. Information is presented in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance for the following individual funds that are considered to be major funds:

- General Fund
- Development Impact Fees
- Development Cost Center
- Recreation Services
- Capital Improvement
- Human Services
- Intermodal Surface Transportation Efficiency Act
- Low and Moderate Income Housing Assets

Data for the other twenty-six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules in the supplementary information section of this report.

The City adopts an annual appropriated budget for its General Fund, Development Cost Center, Recreation Services, Human Services, and the Low and Moderate Income Housing Asset funds. Budgetary comparison schedules are provided in the required supplementary information section of this report to demonstrate compliance with the adopted budget.

The basic governmental fund financial statements can be found on pages 34-40 of this report.

*Proprietary funds.* The only proprietary funds the City has are internal service funds, which are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the risk management and information technology services provided to other City departments on a cost-reimbursement basis, as well as funds accumulated for Fire Department capital replacement. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

## Management's Discussion and Analysis

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The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements and schedules in the supplementary information section of this report.

The basic proprietary funds financial statements can be found on pages 42-44 of this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City's fiduciary funds are comprised of agency funds, which report resources held by the City in a custodial capacity for individuals, private organizations, and other governments. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on page 46 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49-94 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. This information includes budgetary comparison schedules, as well as more detailed information about the City's use of the modified approach for certain of its infrastructure assets. Also included are a schedule of changes in the net pension liability and related ratios, a schedule of pension contributions, and a schedule of other post-employment benefits (OPEB) funding progress. Required supplementary information can be found on pages 95-108 of this report.

The combining statements and schedules referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 114-157 of this report.

**Government-Wide Financial Analysis**

As noted earlier, changes in net position over time may serve as a useful indicator of the City's financial health. At the close of FY 2015/16, net position stood at \$693.4 million — a 9.3% increase from the prior year.

Information about net position is presented in the summary schedule below:

**CITY OF FREMONT'S NET POSITION  
JUNE 30, 2016 AND 2015**

(dollars in thousands)

	<b>2016</b>	<b>2015</b>	<b>Percentage Change</b>
Current and other assets	\$ 341,100	\$ 289,200	17.9%
Capital assets	899,554	897,556	0.2%
<b>Assets</b>	<b>1,240,654</b>	<b>1,186,756</b>	4.5%
Deferred outflows related to pensions	30,905	26,209	17.9%
<b>Deferred Outflows of Resources</b>	<b>30,905</b>	<b>26,209</b>	17.9%
Current liabilities	46,363	42,865	8.2%
Noncurrent liabilities	509,745	486,165	4.9%
<b>Liabilities</b>	<b>556,108</b>	<b>529,030</b>	5.1%
Deferred inflows related to pensions	22,076	49,407	(55.3%)
<b>Deferred Inflows of Resources</b>	<b>22,076</b>	<b>49,407</b>	(55.3%)
Net position:			
Net investment in capital assets	734,701	727,728	1.0%
Restricted	149,630	137,108	9.1%
Unrestricted*	(190,956)	(230,308)	(17.1%)
<b>Net position</b>	<b>\$ 693,375</b>	<b>\$ 634,528</b>	9.3%

\* Unrestricted net position for June 30, 2016, includes the City's \$288.0 million net pension liability, which is not a claim on current financial assets.

At June 30, 2016, the City reported positive balances in all categories of net position, except for unrestricted net position due to the impact of the inclusion of the net pension liability.

The largest portion of the City's net position, \$734.7 million, reflects its net investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents \$149.6 million of restricted resources that are subject to external restrictions on how they may be used. Excluding the \$288.0 million net

## Management's Discussion and Analysis

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pension liability, \$97.0 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.

Information about changes in net position is presented in the summary schedule, below:

### CITY OF FREMONT'S CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

(dollars in thousands)

	<u>2016</u>	<u>2015</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 53,340	\$ 44,611	19.6%
Operating grants and contributions	14,170	14,034	1.0%
Capital grants and contributions	27,857	19,066	46.1%
General revenues:			
Property tax	82,485	79,612	3.6%
Sales tax	48,580	40,744	19.2%
Business tax	10,126	9,420	7.5%
Transient occupancy tax	8,086	7,181	12.6%
Property transfer tax	1,801	1,758	2.4%
Franchise fees	9,605	9,299	3.3%
Investment earnings	4,659	1,764	164.1%
Gain on sale of capital assets	22,934	15,985	43.5%
Miscellaneous	9,968	9,562	4.2%
<b>Total revenues</b>	<b>293,611</b>	<b>253,036</b>	16.0%
<b>Program expenses:</b>			
General government	13,605	13,900	(2.1%)
Police services	64,837	62,266	4.1%
Fire services	42,311	38,969	8.6%
Human services	10,619	10,418	1.9%
Capital assets maintenance and operations	67,776	57,971	16.9%
Recreation and leisure services	8,187	8,398	(2.5%)
Community development/environmental services	23,601	20,092	17.5%
Intergovernmental	-	1,990	(100.0%)
Interest on debt	3,828	3,897	(1.8%)
<b>Total program expenses</b>	<b>234,764</b>	<b>217,901</b>	7.7%
<b>Increase (decrease) in net position</b>	<b>58,847</b>	<b>35,135</b>	<b>67.5%</b>
Net position, beginning of year	634,528	599,393	5.9%
<b>Net position, end of year</b>	<b>\$ 693,375</b>	<b>\$ 634,528</b>	9.3%

Major changes in government-wide revenues include the following:

- Capital grants and contributions increased by \$8.8 million as a result of growth in development activity and permit issuance for several large projects as well as increases in funding for Alameda County Transportation Commission (ACTC) Measure BB and ISTEAs capital projects.
- Charges for services increased \$8.7 million from the prior year due to charges for inclusionary housing for several large development projects including Patterson Ranch (\$6.1 million), Parasol (\$1.1 million), Crown Court (\$0.9 million), Darrow Farm (\$0.7 million), and Mission Creek (\$0.7 million).
- Sales tax increased \$7.8 million, but approximately \$3.0 million of that amount is one-time revenue attributable to the end of the annual “triple flip” advances and adjustments from the state. Without that distortion, the percentage growth would have been 11.9%. The sectors accounting for the majority of the increase are business and industry (\$2.3 million), autos and transportation (\$1.2 million), and the county pool (\$1.2 million).
- Gain on sale of capital assets increased by \$6.9 million to \$22.9 million. The most significant gains were for the sale of surplus land at Palm Avenue (\$21.9 million) and property at Shadowbrook Terrace (\$0.7 million).
- Investment earnings increased \$2.9 million due to an increase in the amount of funds invested as well as a change in the composition of the investment portfolio.

Major changes in government-wide expenses include the following:

- Capital assets maintenance and operations increased by \$9.8 million reflecting increased activity related to ACTC Measures B and BB and ISTEAs capital projects.
- Community development and environmental services increased by \$3.5 million primarily due to the removal of non-capital assets related to the City's Municipal Waste Transfer Facility.
- Fire services increased by \$3.3 million primarily due to capital expenses for emergency medical equipment and higher personnel costs.

### *Financial Analysis of The City's Major Funds*

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2016, the City's governmental funds reported combined ending fund balances of \$282.4 million, an increase of \$47.1 million from the prior year. Of this amount, 0.9% (\$2.4 million) is nonspendable because it relates to prepaid assets, 56.3% (\$159.1 million) is legally restricted for specific purposes by enabling legislation or external funding source providers, 5.3% (\$15.0 million) is committed for specific purposes by the City Council, and 25.1% (\$71.0 million) is assigned for specific purposes by the City. The remaining 12.4% (\$34.9 million) is unassigned fund balance available for spending at the City's discretion, but is also subject to Council-established policies for future contingencies.

The following are the major funds that either qualified under the reporting criteria or were considered to be important to financial statement users:

*General Fund* – The General Fund is the City's chief operating fund. As of June 30, 2016, total fund balance was \$39.1 million, of which \$36.3 million was unassigned. The primary components of this unassigned amount are: \$17.3 million (10.0% of budgeted expenditures and transfers out) set aside by City Council policy for use for costs associated with unforeseen events (contingencies); \$4.3 million (2.5% of budgeted expenditures and transfers out) set aside by Council policy as a source of working capital for new programs or undertakings that have potential for receiving significant funding from outside sources, organization retooling, process improvement, and strategic entrepreneurial opportunities; \$4.3 million (2.5% of budgeted expenditures and transfers out) set aside by Council policy to offset the effects of future economic downturns and unanticipated cost increases beyond the City's control; \$3.7 million set aside by Council policy to offset uncertainty in the multi-year budget forecast; and \$6.7 million of unallocated fund balance.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 20.3% of total General Fund expenditures and transfers out.

The fund balance of the City's General Fund decreased by \$2.1 million during the 2015/16 fiscal year, compared to an increase of \$8.8 million in the prior year. Revenues and transfers in of \$176.9 million were 8.1% (\$13.2 million) higher than in FY 2014/15. Expenditures and transfers out of \$179.1 million were 15.6% (\$24.1 million) higher than in FY 2014/15.

*Development Impact Fees* – This fund represents the aggregate total of park land impact, park facility, fire impact, traffic impact, and capital facility fees. These fees are levied on all new development in the City to pay for the construction and improvement of public facilities needed as a result of growth. Fees collected in FY 2015/16 were 71.8% (\$5.5 million) higher than the amount collected in FY 2014/15 resulting from an increase in activity due to the economy, and due to permits for several large projects being issued in FY 2015/16. During FY 2015/16, 39.4% of this

fund's expenditures (\$6.6 million) were for park-related projects and 60.5% (\$10.2 million) were for mitigating traffic-related impacts. In addition, \$850,000 was transferred to pay debt service related to capital facilities. As of June 30, 2016, the fund balance totaled \$69.7 million, down from \$74.2 million in the prior year.

Because these funds are collected for construction (for mitigating traffic-related impacts) or improvements of public facilities (Fire and capital facilities), the fund balance is restricted for community development purposes, including park development and acquisition projects. These funds have not yet been spent because of the difficulty in obtaining suitable parcels of land and the operational maintenance impacts of adding new parks. These projects are progressing cautiously because of the need to ensure that sufficient operating revenues exist so that park facilities can be adequately and appropriately maintained.

*Development Cost Center* – This fund was established to account for engineering, planning, and building and construction inspection activities related to the City's land use planning and construction regulatory responsibilities. Its customers are not only the development community, but also the City itself for its own capital projects. User fees collected in this cost center recover the City's costs of administering development- and construction-related regulatory programs. As of June 30, 2016, the balance totaled \$9.1 million, up from \$4.6 million in the prior year, due to an increase in development activity. This fund balance is restricted for uses related to ensuring continuity of critical community development services.

*Recreation Services* – This fund was established to account for the transactions and activities related to delivery of recreation services. Fees collected for recreation services are used for the development of programs and facilities benefiting fee payers. Total revenues in the amount of \$8.5 million were 9.1% higher in FY 2015/16 than in the prior year (\$7.8 million). Expenditures increased 5.9% (from \$7.9 million to \$8.3 million). As of June 30, 2016, the fund balance was \$7.5 million, an increase of \$0.2 million from the prior year. This committed fund balance will be used to develop or maintain recreation facilities and preserve the continuity of recreation services during economic downturns.

*Capital Improvement* – This fund is used to account for capital improvements for the City, including public safety improvements, infrastructure, and other public works projects. Amounts in this fund are received as transfers from the General Fund, interest earned on invested cash balances, proceeds from the sale of certain parcels of land, or as proceeds of debt. As of June 30, 2016, the fund balance was \$77.6 million. During FY 2015/16, fund balance increased by \$34.1 million primarily due to the sale of surplus City property to fund capital projects supporting the Downtown Plan and Warm Springs/South Fremont Community Plan, additional funds provided from the General Fund to fund various capital projects, and energy efficiency project lease financing proceeds received in FY 2015/16.

*Human Services* – This fund represents the activities for City's social service infrastructure to promote a healthy and safe environment for families, the elderly and youth. Services and programs include self-sufficiency, counseling, and housing assistance to support a vibrant community. As of June 30, 2016, the fund balance was \$7.4 million, an increase of \$0.3 million from the prior year.

*Intermodal Surface Transportation Efficiency Act (ISTEA)* – This fund accounts for federal funding for transportation projects. Among ISTEA's many programs, three provide capital improvement

## Management's Discussion and Analysis

funds for local governments. These programs are known as the Surface Transportation Program, the Congestion Mitigation and Air Quality Improvement Program, and the Transportation Enhancement Activity Program. Funds are applied for on a project-by-project basis. As of June 30, 2016, the ISTEA fund had a negative fund balance of \$1.3 million, representing expenditures which have not yet been reimbursed.

*Low and Moderate Income Housing Asset* – This fund is used to administer the housing assets and functions related to the Low and Moderate Income Housing Program. As of June 30, 2016, fund balance was \$4.7 million, an increase of \$1.3 million from the prior year, mainly due to higher principal, interest, and surplus cash payments from developers.

### General Fund Budgetary Highlights

**Original Budget Compared to Final Budget.** During the year, there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain employee benefits, such as leave cash-outs. Generally, the movement of the appropriations between departments was not significant. The other change between the original budget and the final budget was the reappropriation of amounts to satisfy encumbrances of the prior year, as authorized by the Council-adopted budget resolution.

**Final Budget Compared to Actual Results.** The General Fund budget is prepared in accordance with generally accepted accounting principles. A summary of the budgetary comparison schedule for the General Fund, located in the required supplementary information following the notes to the financial statements, follows.

#### SUMMARY OF GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2016

(dollars in thousands)

	Original Budget	Final Budget	Actual Results	Favorable (Unfavorable) Variance from Final Budget
<b>Beginning fund balance</b>	\$ 33,118	\$ 38,360	\$ 41,248	\$ 2,888
Resources:				
Revenues	168,742	168,742	171,334	2,592
Transfers in	5,607	5,607	5,603	(4)
<b>Total resources</b>	<b>174,349</b>	<b>174,349</b>	<b>176,937</b>	<b>2,588</b>
Charges to appropriations:				
Expenditures	144,255	153,243	149,499	3,744
Transfers out	30,202	29,871	29,559	312
<b>Total charges</b>	<b>174,457</b>	<b>183,114</b>	<b>179,058</b>	<b>4,056</b>
Net change in fund balance	(108)	(8,765)	(2,121)	6,644
<b>Ending fund balance</b>	<b>\$ 33,010</b>	<b>\$ 29,595</b>	<b>\$ 39,127</b>	<b>\$ 9,532</b>

The actual beginning fund balance was \$2.9 million higher than the final budget amount due to the inclusion of prepaid assets (\$2.2 million) and the year-end adjustment for unrealized fair value gain or loss on investments (\$0.7 million), neither of which are considered available for budgetary purposes. Total revenues and transfers in during FY 2015/16 were \$2.6 million greater than the final budget estimate. Actual expenditures and transfers out were \$4.1 million less than final budget. The net result of these variances was an actual ending fund balance \$9.5 million higher than the final budget estimate.

The most significant differences between estimated revenues and actual revenues were as follows (dollars in thousands):

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>	<u>Percent</u>
Sales tax	\$ 47,337	\$ 48,580	\$ 1,243	2.6%
Property tax	80,312	79,388	(924)	(1.2%)
Other	1,937	2,832	895	46.2%
Investment Earnings	615	1,271	656	106.7%

The positive variance in sales tax revenue is attributable to stronger than anticipated auto sales and leases and an increase in proceeds from the county pool from online sales. Property tax revenue was lower mainly due to lower than anticipated secured property tax collections. Other revenues were higher than anticipated mainly due to the sale of a property and the redistribution of former RDA proceeds. Investment earnings were higher than anticipated primarily due to an increase in the amount of funds invested as well as a change in the composition of the investment portfolio.

The majority of the \$4.1 million expenditure savings is the result of lower than anticipated salary and benefits expenditures due to vacant positions (partially offset by increased overtime) and reduced expenditures for contract services and utilities.

## Management's Discussion and Analysis

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### *Capital Assets and Debt Administration*

**Capital Assets.** The City's investment in capital assets as of June 30, 2016, amounts to \$899.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, and highways. The total increase in capital assets for the current fiscal year was approximately 0.2%. Following is a summary of the City's capital assets (net of depreciation) at June 30, 2016 and 2015:

**CITY OF FREMONT'S CAPITAL ASSETS**  
**JUNE 30, 2016 AND 2015**  
(dollars in thousands)

	<b>2016</b>	<b>2015</b>	<b>Percentage Change</b>
Land	\$ 211,711	\$ 211,998	(0.1%)
Land improvements	5,448	5,448	0.0%
Infrastructure	505,715	471,309	7.3%
Buildings and improvements	148,163	152,953	(3.1%)
Equipment	5,787	5,238	10.5%
Vehicles	12,855	12,870	(0.1%)
Construction in progress	9,874	37,740	(73.8%)
<b>Total capital assets</b>	<b>\$ 899,553</b>	<b>\$ 897,556</b>	0.2%

Major capital asset events during the current fiscal year included the following:

- Addition of Central Park Soccer and Turf construction costs of \$3.8 million, Downtown capital project costs of \$2.3 million, Capitol Avenue Extension project (Phase 2) costs of \$2.0 million, and \$557,000 for the New Financial System in Construction in Progress
- Addition of Capital Avenue Extension costs of \$2.6 million and other costs of \$857,000 in Infrastructure
- Removal from Construction in Progress of \$5.6 million of non-capital expenses related to the City's Municipal Waste Transfer Facility
- Transfer from Construction in Progress of the completed Warren/Mission Grade Separation, \$25 million, irrigation construction \$987,000, and others \$963,000 to Infrastructure
- The purchase of various equipment and vehicles at a cost of \$3.7 million
- Donated infrastructure improvements associated with various development projects valued at \$768,000
- Sale of surplus City properties at \$482,000 of book value

Additional information about the City's capital assets can be found in Note 1.I.3., and Note 4, following the basic financial statements.

**Long-term Debt.** As of June 30, 2016, the City had \$176.2 million in long-term debt outstanding. Of this amount, \$41.8 million was for general obligation bonds, \$123.8 million was related to certificates of participation, \$9.1 million was for lease financing, and \$1.5 million was for unamortized bond premium. Following is a summary schedule of outstanding debt:

**CITY OF FREMONT'S LONG-TERM DEBT**  
**JUNE 30, 2016**  
(dollars in thousands)

	<b>Balance July 1, 2015</b>	<b>Incurred or Issued</b>	<b>Satisfied or Matured</b>	<b>Balance June 30, 2016</b>
<b>General Obligation Bonds:</b>				
2009 Fire Safety Bonds	\$ 14,475	\$ -	\$ 350	\$ 14,125
2012 Fire Safety Bonds	7,430	-	325	7,105
2013 Fire Safety Bonds	21,305	-	725	20,580
Subtotal	<u>43,210</u>	<u>-</u>	<u>1,400</u>	<u>41,810</u>
<b>Certificates of Participation (COPs):</b>				
1998 Public Financing Authority	8,165	-	425	7,740
2008 Public Financing Authority	24,650	-	585	24,065
2008 Public Financing Authority	43,055	-	1,075	41,980
2010 Public Financing Authority	14,545	-	465	14,080
2012A Public Financing Authority	10,560	-	815	9,745
2012B Public Financing Authority	27,690	-	1,525	26,165
Subtotal	<u>128,665</u>	<u>-</u>	<u>4,890</u>	<u>123,775</u>
<b>Lease Financing:</b>				
2016 Energy Efficiency Financing	-	9,100	-	9,100
<b>Unamortized Bond Premium</b>	<u>1,651</u>	<u>-</u>	<u>124</u>	<u>1,527</u>
<b>Total</b>	<b><u>\$ 173,526</u></b>	<b><u>\$ 9,100</u></b>	<b><u>\$ 6,414</u></b>	<b><u>\$ 176,212</u></b>

Of the outstanding debt, 48.5% is fixed rate debt, with an average interest rate of approximately 2.98%. The remaining 51.5% of the outstanding debt is variable rate debt, with an average interest rate of 0.40% as of June 30, 2016. The average interest rate on all outstanding City debt is 1.65% at June 30, 2016.

The City maintains Standard & Poor's ratings of AA+ (stable outlook) on its general obligation bonds and AA (stable outlook) on its COPs.

State law provides for a legal debt limit of 15% of gross assessed valuation; however, this provision was enacted when assessed valuation was based upon 25% of market value. The City's computation of the debt limit reflects a conversion of assessed valuation data from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted. The current debt limitation for the City is \$1.5 billion, which is significantly in excess of the City's outstanding general obligation debt.

In addition to State law, the City Council adopted a debt policy in February 1996 that limits annual debt service payments in the General Fund to 7% of budgeted expenditures and transfers out. As of July 1, 2016, debt service payments were approximately 3.9% of budgeted expenditures and transfers out in compliance with the policy. Additional information about the City's long-term debt can be found in Note 5, following the basic financial statements.

## Management's Discussion and Analysis

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### *Use of Modified Approach to Accounting for Infrastructure*

The City has elected to use the modified approach to accounting for infrastructure assets, as defined by GASB Statement No. 34, for its street network. The street network is composed of all City streets, and includes all physical features associated with the operation of motorized vehicles that exist within the limits of the City rights of way.

Pursuant to the modified approach, the City has committed to preserving and maintaining its street network at an appropriate condition level as determined by the City Council. Through June 30, 2016, the City's policy was to maintain an average pavement condition index (PCI) rating of 50 or "fair" for the entire street network. As of June 30, 2016, the City's overall street network was rated at a computed PCI index of 72.

In addition to performing periodic condition assessments, governments that use the modified approach must also estimate at the start of each reporting period the amount of spending needed that period to maintain and preserve infrastructure at the government's selected condition level. For the year ended June 30, 2016, the maintenance estimate was \$19.0 million, but the amount actually spent was \$4.5 million. Under the City's expanded pavement preservation program, the majority of street areas were treated using a combination of base repairs and surface treatments such as cape seals and slurry seals. This approach is more economical than a pavement rehabilitation program such as overlays, enabling the available funds to cover a larger pavement area.

### *Requests for Information*

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's financial activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Director at 3300 Capital Avenue, P. O. Box 5006, Fremont, California 94537-5006.

**Government-Wide Financial Statements**

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**City of Fremont**  
**Statement of Net Position**  
**June 30, 2016**  
 (With comparative totals for June 30, 2015)

	Governmental Activities	
	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and investments held by City	\$ 288,427,354	\$ 249,885,853
Restricted cash and investments held by fiscal agent or City	13,917,087	6,301,118
Receivables, net	31,703,306	23,346,857
Condemnation deposits	15,000	15,000
Prepaid assets	2,653,525	2,173,335
Total current assets	336,716,272	281,722,163
Noncurrent assets:		
Housing loans receivable, net	1,562,709	4,656,966
Land held for resale	2,821,430	2,821,430
Capital assets:		
Nondepreciable assets	719,038,028	714,680,458
Depreciable assets, net	180,515,528	182,875,592
Total capital assets, net	899,553,556	897,556,050
Total noncurrent assets	903,937,695	905,034,446
<b>Total assets</b>	1,240,653,967	1,186,756,609
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	30,904,836	26,208,859
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	11,106,328	9,163,635
Salaries and wages payable	10,327,648	9,819,348
Claims payable	6,038,000	5,630,000
Pollution remediation obligation - due within one year	806,000	1,481,481
Interest payable	1,429,620	1,419,224
Unearned revenue	7,737,596	6,733,368
Compensated absences - due within one year	2,279,509	2,204,045
Long-term debt - due within one year	6,638,717	6,413,717
Total current liabilities	46,363,418	42,864,818
Noncurrent liabilities:		
Claims payable	13,145,000	11,946,000
Pollution remediation obligation - due in more than one year	1,769,759	1,481,481
Net other post employment benefits obligation	30,459,000	30,401,000
Net pension liability	287,959,282	268,613,147
Compensated absences - due in more than one year	6,838,525	6,612,135
Long-term debt - due in more than one year	169,573,245	167,111,962
Total noncurrent liabilities	509,744,811	486,165,725
<b>Total liabilities</b>	556,108,229	529,030,543
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	22,075,552	49,407,103
<b>NET POSITION</b>		
Net investment in capital assets	734,700,673	727,727,677
Restricted:		
Social service programs	12,653,550	13,533,528
Debt service	2,586,451	2,643,062
Public safety	1,955,999	1,012,487
Street improvements	20,966,840	17,209,527
Community development	111,443,494	102,442,173
Other purposes	23,961	267,364
Total restricted	149,630,295	137,108,141
Unrestricted	(190,955,946)	(230,307,996)
<b>Total net position</b>	\$ 693,375,022	\$ 634,527,822

See accompanying Notes to Basic Financial Statements.

## Government-Wide Financial Statements

### City of Fremont

#### Statement of Activities

For the fiscal year ended June 30, 2016

(With comparative totals for the fiscal year ended June 30, 2015)

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 13,604,679	\$ 1,666,658	\$ -	\$ -	\$ 1,666,658
Police services	64,837,566	4,175,223	1,494,322	-	5,669,545
Fire services	42,310,730	2,804,753	184,371	-	2,989,124
Human services	10,619,068	2,093,782	5,876,521	-	7,970,303
Capital assets maintenance and operations	67,776,490	2,152,983	4,914,934	27,856,531	34,924,448
Recreation and leisure services	8,186,587	8,260,807	-	-	8,260,807
Community development and environmental services	23,600,633	32,185,970	1,699,769	-	33,885,739
Intergovernmental	-	-	-	-	-
Interest on debt	3,828,360	-	-	-	-
<b>Total</b>	<b>\$ 234,764,113</b>	<b>\$ 53,340,176</b>	<b>\$ 14,169,917</b>	<b>\$ 27,856,531</b>	<b>\$ 95,366,624</b>

#### General revenues:

Property tax

Sales tax

Business tax

Transient occupancy tax

Property transfer tax

Total taxes

Franchise fees

Investment earnings (loss)

Gain on sale of capital assets

Miscellaneous

**Total general revenues**

**Change in net position**

**Net position - beginning of year, as reported**

**Restatement for GASB 68**

**Net position - beginning of year, as restated**

**Net position - end of year**

See accompanying Notes to Basic Financial Statements.

<b>Net (Expense) Revenue and Changes in Net Position</b>	
Governmental Activities	
2016	2015
\$ (11,938,021)	\$ (12,748,262)
(59,168,021)	(55,814,510)
(39,321,606)	(35,947,364)
(2,648,765)	(4,203,952)
(32,852,042)	(30,937,214)
74,220	(763,650)
10,285,106	6,110,421
-	(1,990,040)
(3,828,360)	(3,896,781)
<u>(139,397,489)</u>	<u>(140,191,352)</u>
82,484,888	79,611,885
48,580,024	40,743,875
10,125,832	9,420,130
8,086,529	7,181,438
1,800,905	1,758,406
<u>151,078,178</u>	<u>138,715,734</u>
9,605,547	9,298,688
4,659,270	1,764,197
22,934,023	15,985,118
9,967,671	9,562,197
<u>198,244,689</u>	<u>175,325,934</u>
58,847,200	35,134,582
634,527,822	896,131,565
-	(296,738,325)
<u>634,527,822</u>	<u>599,393,240</u>
<u>\$ 693,375,022</u>	<u>\$ 634,527,822</u>

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# Governmental Funds Financial Statements

## Governmental Funds Financial Statements

### City of Fremont Balance Sheet Governmental Funds June 30, 2016

(With comparative totals for June 30, 2015)

	Major Funds			
	General Fund	Development Impact Fees	Development Cost Center	Recreation Services
<b>ASSETS</b>				
Cash and investments held by City	\$ 24,119,639	\$ 72,463,832	\$ 15,031,507	\$ 9,430,398
Restricted cash and investments held by fiscal agent or City	-	-	-	-
Receivables:				
Property tax	839,309	-	-	-
Sales tax	14,926,104	-	-	-
Due from other governmental agencies	1,347,957	-	-	-
Housing loans receivable, net	114,719	-	-	-
Accrued interest	748,671	-	-	-
Transient occupancy tax	787,868	-	-	-
Franchise fees	926,635	-	-	-
Accounts receivable	171,702	-	829,879	-
Other	284,502	-	-	15,431
Land held for resale	-	-	-	-
Prepaid assets	2,193,530	-	44,359	52,023
Due from other funds	3,971,023	-	-	-
<b>Total assets</b>	<b>\$ 50,431,659</b>	<b>\$ 72,463,832</b>	<b>\$ 15,905,745</b>	<b>\$ 9,497,852</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,720,434	\$ 2,785,012	\$ 257,989	\$ 215,179
Salaries and wages payable	8,323,216	-	909,473	379,037
Due to other funds	-	-	-	-
Unearned revenue	146,677	-	5,687,682	1,415,582
<b>Total liabilities</b>	<b>11,190,327</b>	<b>2,785,012</b>	<b>6,855,144</b>	<b>2,009,798</b>
Deferred inflows of resources-unavailable revenue	114,719	-	-	-
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid assets	2,193,530	-	44,359	52,023
Restricted for:				
Social service programs	-	-	-	-
Debt service	-	-	-	-
Public safety	-	-	-	-
Street improvements	-	-	-	-
Community development	-	69,678,820	9,006,242	-
Other purposes	-	-	-	-
Committed for:				
Social service programs	-	-	-	-
Recreation programs	-	-	-	7,436,031
Assigned for:				
Vehicle replacement	-	-	-	-
Other capital projects	-	-	-	-
Purchase orders and contracts	644,427	-	-	-
Unassigned	36,288,656	-	-	-
<b>Total fund balances</b>	<b>39,126,613</b>	<b>69,678,820</b>	<b>9,050,601</b>	<b>7,488,054</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 50,431,659</b>	<b>\$ 72,463,832</b>	<b>\$ 15,905,745</b>	<b>\$ 9,497,852</b>

See accompanying Notes to Basic Financial Statements.

## Governmental Funds Financial Statements

Major Funds					Total Governmental Funds	
Capital Improvement	Human Services	Intermodal Surface Transportation Efficiency Act	Low and Moderate Income Housing Asset	Non-major Funds	2016	2015
\$ 66,343,453	\$ 6,924,516	\$ -	\$ 5,216,402	\$ 62,666,608	\$ 262,196,355	\$ 226,268,026
9,555,134	-	-	-	4,361,953	13,917,087	6,301,118
-	-	-	-	28,968	868,277	791,681
-	-	-	-	-	14,926,104	5,927,542
50,000	2,287,629	3,963,180	-	3,470,430	11,119,196	11,434,075
-	1,447,990	-	-	-	1,562,709	4,656,966
-	-	-	-	-	748,671	444,534
-	-	-	-	-	787,868	822,482
-	-	-	-	-	926,635	990,456
172,434	13,589	-	-	600,740	1,788,344	2,527,795
-	-	-	-	154,260	454,193	292,268
2,821,430	-	-	-	-	2,821,430	2,821,430
48,907	-	-	-	97,410	2,436,229	2,173,335
-	-	-	-	-	3,971,023	5,056,283
<u>\$ 78,991,358</u>	<u>\$ 10,673,724</u>	<u>\$ 3,963,180</u>	<u>\$ 5,216,402</u>	<u>\$ 71,380,369</u>	<u>\$ 318,524,121</u>	<u>\$ 270,507,991</u>
\$ 1,421,753	\$ 477,478	\$ 1,584,446	\$ -	\$ 1,489,305	\$ 10,951,596	\$ 8,520,382
-	365,005	-	13,999	96,741	10,087,471	9,646,378
-	742,811	2,378,734	-	849,478	3,971,023	5,056,283
-	-	-	487,655	-	7,737,596	6,733,368
<u>1,421,753</u>	<u>1,585,294</u>	<u>3,963,180</u>	<u>501,654</u>	<u>2,435,524</u>	<u>32,747,686</u>	<u>29,956,411</u>
-	1,710,990	1,333,265	-	220,155	3,379,129	5,222,521
48,907	-	-	-	97,410	2,436,229	2,173,335
-	6,224,126	-	4,714,748	3,685	10,942,559	9,038,913
-	-	-	-	4,390,396	4,390,396	4,460,258
1,428,149	-	-	-	1,955,999	3,384,148	2,892,597
8,126,985	-	-	-	20,822,441	28,949,426	16,882,384
-	-	-	-	32,699,073	111,384,135	102,427,173
-	-	-	-	23,961	23,961	267,364
-	1,153,314	-	-	6,451,973	7,605,287	6,637,434
-	-	-	-	-	7,436,031	7,269,011
-	-	-	-	2,355,508	2,355,508	2,708,119
67,965,564	-	-	-	-	67,965,564	41,638,392
-	-	-	-	-	644,427	1,833,795
-	-	(1,333,265)	-	(75,756)	34,879,635	37,100,284
<u>77,569,605</u>	<u>7,377,440</u>	<u>(1,333,265)</u>	<u>4,714,748</u>	<u>68,724,690</u>	<u>282,397,306</u>	<u>235,329,059</u>
<u>\$ 78,991,358</u>	<u>\$ 10,673,724</u>	<u>\$ 3,963,180</u>	<u>\$ 5,216,402</u>	<u>\$ 71,380,369</u>	<u>\$ 318,524,121</u>	<u>\$ 270,507,991</u>

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**City of Fremont**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**To the Government-Wide Statement of Net Position**  
**June 30, 2016**  
 (With comparative totals for June 30, 2015)

	2016	2015
<b>Total Fund Balances - Total Governmental Funds</b>	\$ 282,397,306	\$ 235,329,059
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet, net of Internal Service Funds capital assets of \$2,554,798 and \$2,639,743 at June 30, 2016 and 2015, respectively.	896,998,758	894,916,307
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.	(1,429,620)	(1,419,224)
Condemnation deposits are reported as current assets; however, such deposits are reported as expenditures in Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.	15,000	15,000
Internal Service Funds are used to charge the costs of insurance, information technology, and fire equipment replacement to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Position.	3,465,002	1,502,463
Deferred inflows of resources recorded in governmental funds financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements.	3,379,129	5,222,521
Accruals for compensated absences are long-term liabilities and are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(9,118,034)	(8,816,180)
Other post employment benefits obligation on Government-Wide Statement of Net Position is not due and payable and therefore is not reported in the Governmental Funds Balance Sheet.	(30,459,000)	(30,401,000)
Pollution remediation obligations are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.	(2,575,759)	(2,962,962)
Deferred outflows of resources resulting from timing changes of employer pension contributions are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	30,210,386	25,635,550
Deferred inflows of resources resulting from the changes in the net pension liability are not due and payable and therefore are not reported in the Governmental Funds Balance Sheet.	(21,482,398)	(48,223,767)
Net pension liability on Government-Wide Statement of Net Position is not due and payable and therefore is not reported in the Governmental Funds Balance Sheet.	(281,813,786)	(262,744,266)
Long-term debt is not due and payable in the current period and therefore is not reported in the Governmental Funds Balance Sheet.	(176,211,962)	(173,525,679)
<b>Net Position of Governmental Activities</b>	<u>\$ 693,375,022</u>	<u>\$ 634,527,822</u>

See accompanying Notes to Basic Financial Statements.

## Governmental Funds Financial Statements

### City of Fremont Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the fiscal year ended June 30, 2016 (With comparative totals for the fiscal year ended June 30, 2015)

	Major Funds			
	General Fund	Development Impact Fees	Development Cost Center	Recreation Services
<b>REVENUES</b>				
Property tax	\$ 79,387,844	\$ -	\$ -	\$ -
Sales tax	48,580,024	-	-	-
Intergovernmental	564,969	-	-	-
Business tax	10,125,832	-	-	-
Other taxes	9,887,434	-	-	-
Impact fees	-	11,792,744	-	-
Franchise fees	9,605,547	-	-	-
Charges for services	9,078,856	-	15,914,551	8,248,097
Investment earnings	1,271,369	1,163,425	190,483	137,430
Other	2,102,100	151,387	-	138,831
<b>Total revenues</b>	<b>170,603,975</b>	<b>13,107,556</b>	<b>16,105,034</b>	<b>8,524,358</b>
<b>EXPENDITURES</b>				
Current:				
General government	14,534,805	-	-	-
Police services	67,208,825	-	-	-
Fire services	43,406,101	-	-	-
Human services	-	-	-	-
Capital assets maintenance and operations	21,445,806	12,036,929	2,824,034	-
Recreation and leisure services	-	-	-	8,318,171
Community development and environmental services	1,327,238	-	9,367,299	-
Intergovernmental	-	-	-	-
Capital outlay	1,084,778	4,781,179	77,752	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	491,554	-	-	-
<b>Total expenditures</b>	<b>149,499,107</b>	<b>16,818,108</b>	<b>12,269,085</b>	<b>8,318,171</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>21,104,868</b>	<b>(3,710,552)</b>	<b>3,835,949</b>	<b>206,187</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	-	-
Proceeds from sale of capital assets	729,628	-	-	-
Transfers in	5,603,226	-	3,075,982	2,246,187
Transfers out	(29,558,804)	(850,000)	(2,486,340)	(2,233,331)
<b>Total other financing sources (uses)</b>	<b>(23,225,950)</b>	<b>(850,000)</b>	<b>589,642</b>	<b>12,856</b>
<b>Net change in fund balances</b>	<b>(2,121,082)</b>	<b>(4,560,552)</b>	<b>4,425,591</b>	<b>219,043</b>
<b>FUND BALANCES</b>				
Beginning of year	41,247,695	74,239,372	4,625,010	7,269,011
End of year	\$ 39,126,613	\$ 69,678,820	\$ 9,050,601	\$ 7,488,054

See accompanying Notes to Basic Financial Statements.

**Governmental Funds Financial Statements**

Major Funds					Total Governmental Funds	
Capital Improvement	Human Services	Intermodal Surface Transportation Efficiency Act	Low and Moderate Income Housing Asset	Non-major Funds	2016	2015
\$ -	\$ -	\$ -	\$ -	\$ 3,097,044	\$ 82,484,888	\$ 79,611,885
-	-	-	-	-	48,580,024	40,743,875
-	7,129,170	5,723,301	-	16,139,864	29,557,304	26,077,980
-	-	-	-	-	10,125,832	9,420,130
-	-	-	-	-	9,887,434	8,939,844
-	-	-	-	-	11,792,744	6,966,643
-	-	-	-	-	9,605,547	9,298,688
65,242	1,674,590	-	-	20,202,232	55,183,568	47,547,582
908,630	72,648	-	77,159	439,946	4,261,090	1,625,206
53,452	927,207	-	1,650,296	4,839,905	9,863,178	9,419,190
<u>1,027,324</u>	<u>9,803,615</u>	<u>5,723,301</u>	<u>1,727,455</u>	<u>44,718,991</u>	<u>271,341,609</u>	<u>239,651,023</u>
-	-	-	-	-	14,534,805	13,687,288
-	-	-	-	698,779	67,907,604	60,977,009
-	-	-	-	191,591	43,597,692	37,123,963
-	11,219,010	-	-	169,803	11,388,813	10,523,242
6,129,782	-	4,929,304	-	13,321,937	60,687,792	54,164,969
-	-	-	-	-	8,318,171	7,847,547
-	1,246,393	-	399,454	12,657,275	24,997,659	19,033,162
-	-	-	-	-	-	1,990,040
4,538,739	-	2,127,262	-	3,133,049	15,742,759	17,756,829
-	-	-	-	6,290,000	6,290,000	6,105,000
-	47,366	-	-	3,402,761	3,941,681	4,055,742
<u>10,668,521</u>	<u>12,512,769</u>	<u>7,056,566</u>	<u>399,454</u>	<u>39,865,195</u>	<u>257,406,976</u>	<u>233,264,791</u>
<u>(9,641,197)</u>	<u>(2,709,154)</u>	<u>(1,333,265)</u>	<u>1,328,001</u>	<u>4,853,796</u>	<u>13,934,633</u>	<u>6,386,232</u>
9,100,000	-	-	-	-	9,100,000	-
22,315,000	-	-	-	988,986	24,033,614	19,244,059
12,277,300	4,371,484	-	-	9,520,285	37,094,464	37,855,620
-	(1,322,266)	-	(55,464)	(588,259)	(37,094,464)	(37,855,620)
<u>43,692,300</u>	<u>3,049,218</u>	<u>-</u>	<u>(55,464)</u>	<u>9,921,012</u>	<u>33,133,614</u>	<u>19,244,059</u>
<u>34,051,103</u>	<u>340,064</u>	<u>(1,333,265)</u>	<u>1,272,537</u>	<u>14,774,808</u>	<u>47,068,247</u>	<u>25,630,291</u>
43,518,502	7,037,376	-	3,442,211	53,949,882	235,329,059	209,698,768
<u>\$ 77,569,605</u>	<u>\$ 7,377,440</u>	<u>\$ (1,333,265)</u>	<u>\$ 4,714,748</u>	<u>\$ 68,724,690</u>	<u>\$ 282,397,306</u>	<u>\$ 235,329,059</u>

## Governmental Funds Financial Statements

### City of Fremont

#### Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities

For the fiscal year ended June 30, 2016

(With comparative totals for the fiscal year ended June 30, 2015)

	2016	2015
<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 47,068,247</b>	<b>\$ 25,630,291</b>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets additions recorded in the current period along with the condemnation deposit increase/decrease due to land acquired and legal expenses paid during the year.	15,742,759	17,756,829
Contributions of capital assets from developers not reported as revenue in governmental funds.	767,809	146,478
Pension contribution made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflow of resources in the government-wide financial statements.	29,165,275	25,635,550
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(16,918,590)	(20,817,420)
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation, net of \$432,132 and \$476,027, for the years ended June 30, 2016 and 2015, respectively, from the Internal Service Funds is not reported as an expenditure in governmental funds.	(7,728,229)	(7,902,237)
Disposals of capital assets and transfers of capital assets to the Internal Service Funds are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, these activities are not reported as expenditures in governmental funds.	(6,699,888)	(3,258,941)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position.	(9,100,000)	-
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position.	6,290,000	6,105,000
Revenues earned but not available are deferred in the governmental funds but are recognized as revenues in the government-wide financial statements. Also, revenues recognized in the governmental funds during the current year that were earned and recognized in previous years in the government-wide financial statements are reported as beginning net position in the statement of activities.	(1,843,392)	(2,937,138)
The net change in interest payable on long-term debt is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources.	(10,396)	35,244
Unamortized long-term premium is deferred and amortized in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, the amortization of long-term premium is not reported as an expenditure in governmental funds.	123,717	123,717
Internal Service Funds are used to charge the costs of insurance, information technology, and fire equipment replacement to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities.	1,962,539	932,525
The City's net OPEB obligation on the Government-Wide Statement of Net Position is not due and payable in the current period and therefore the changes are not reported in the governmental funds.	(58,000)	(5,378,000)
Pollution remediation obligations are not due and payable in the current period and therefore the changes are not reported in the governmental funds.	387,203	(768,334)
Long-term compensated absences are not due and payable in the current period and therefore the changes are not reported in the governmental funds.	(301,854)	(168,982)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 58,847,200</b>	<b>\$ 35,134,582</b>

See accompanying Notes to Basic Financial Statements.

**Proprietary Funds Financial Statements**

## Proprietary Funds Financial Statements

### City of Fremont Statement of Net Position Proprietary Funds June 30, 2016 (With comparative totals for June 30, 2015)

	<b>Internal Service</b>	
	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and investments held by City	\$ 26,230,999	\$ 23,617,827
Other receivables	84,018	116,024
Prepaid assets	217,296	-
Total current assets	<u>26,532,313</u>	<u>23,733,851</u>
Noncurrent assets:		
Depreciable assets	8,806,385	9,060,585
Less accumulated depreciation	<u>(6,251,587)</u>	<u>(6,420,842)</u>
Total noncurrent assets	<u>2,554,798</u>	<u>2,639,743</u>
<b>Total assets</b>	<u>29,087,111</u>	<u>26,373,594</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	<u>694,450</u>	<u>573,309</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	154,732	643,253
Salaries and wages payable	240,177	172,970
Claims payable	6,038,000	5,630,000
Total current liabilities	<u>6,432,909</u>	<u>6,446,223</u>
Noncurrent liabilities:		
Claims payable	13,145,000	11,946,000
Net pension liability	<u>6,145,496</u>	<u>5,868,881</u>
Total noncurrent liabilities	<u>19,290,496</u>	<u>17,814,881</u>
<b>Total liabilities</b>	<u>25,723,405</u>	<u>24,261,104</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	<u>593,154</u>	<u>1,183,336</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,554,798	2,639,743
Unrestricted	<u>910,204</u>	<u>(1,137,280)</u>
<b>Total net position</b>	<u>\$ 3,465,002</u>	<u>\$ 1,502,463</u>

See accompanying Notes to Basic Financial Statements.

**City of Fremont**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2016**  
 (With comparative totals for the fiscal year ended June 30, 2015)

	Internal Service	
	2016	2015
<b>OPERATING REVENUES</b>		
Charges for services	\$ 15,318,958	\$ 13,262,099
Other	13,084	51,221
<b>Total operating revenues</b>	<b>15,332,042</b>	<b>13,313,320</b>
<b>OPERATING EXPENSES</b>		
Salaries and wages	4,008,396	3,861,676
Insurance premiums	1,454,813	1,331,409
Provision for claim losses	5,106,255	4,314,130
Claims administration	269,893	265,588
Materials and supplies	2,439,578	2,214,430
Depreciation	432,132	476,027
Other	56,616	56,526
<b>Total operating expenses</b>	<b>13,767,683</b>	<b>12,519,786</b>
<b>OPERATING INCOME</b>	<b>1,564,359</b>	<b>793,534</b>
<b>NONOPERATING REVENUES</b>		
Investment income	398,180	138,991
<b>CHANGE IN NET POSITION</b>	<b>1,962,539</b>	<b>932,525</b>
Net position - beginning of year, as previously reported	1,502,463	7,157,650
Restatement for implementation of GASB 68	-	(6,587,712)
Net position - beginning of year, as restated	1,502,463	569,938
Net position - ending	\$ 3,465,002	\$ 1,502,463

See accompanying Notes to Basic Financial Statements.

## Proprietary Funds Financial Statements

### City of Fremont

#### Statement of Cash Flows

#### Proprietary Funds

#### For the fiscal year ended June 30, 2016

(With comparative totals for the fiscal year ended June 30, 2015)

	Internal Service	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from users	\$ 15,133,668	\$ 13,249,746
Other revenue	13,084	51,221
Less: Payments to suppliers	(4,652,805)	(3,523,012)
Payments for employee services	(4,375,897)	(3,943,582)
Payments for claims paid	(3,499,255)	(4,759,130)
Payments to others	(56,616)	(56,526)
<b>Net cash provided by operating activities</b>	<b>2,562,179</b>	<b>1,018,717</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(347,187)	(370,425)
Sale of land held for resale	-	2,821,430
<b>Net cash used in capital and related financing activities</b>	<b>(347,187)</b>	<b>2,451,005</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on cash and investments	398,180	138,991
<b>Net change in cash and cash equivalents</b>	<b>2,613,172</b>	<b>3,608,713</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	23,617,827	20,009,114
End of year	<u>\$ 26,230,999</u>	<u>\$ 23,617,827</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED</b>		
<b>BY OPERATING ACTIVITIES</b>		
Operating income	\$ 1,564,359	\$ 793,534
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	432,132	476,027
Changes in operating assets and liabilities:		
Other receivables	32,006	(12,353)
Prepaid assets	(217,296)	-
Accounts payable	(488,521)	288,415
Salaries and wages payable	67,207	26,898
Claims payable	1,607,000	(445,000)
Deferred outflow resources - pension plan	(121,141)	(573,309)
Deferred inflow resources - pension plan	(590,182)	1,183,336
Net pension liability	276,615	(718,831)
<b>Net cash provided by operating activities</b>	<b>\$ 2,562,179</b>	<b>\$ 1,018,717</b>

See accompanying Notes to Basic Financial Statements.

**Fiduciary Funds Financial Statements**

## Fiduciary Funds Financial Statements

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### City of Fremont Statement of Assets and Liabilities Fiduciary Funds June 30, 2016 (With comparative totals for June 30, 2015)

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	Agency Funds	
	2016	2015
<b>ASSETS</b>		
Cash and investments held by City	\$ 13,032,769	\$ 12,525,586
Restricted cash and investments held by fiscal agent or City	8,127,041	7,847,201
Land held for resale	678,979	13,592,893
Accounts receivable	13,647	22,688
Other receivables	170,574	63,469
<b>Total assets</b>	<b>\$ 22,023,010</b>	<b>\$ 34,051,837</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 37,374	\$ 39,844
Due to other governmental agencies	678,979	13,592,893
Cash overdraft	1,480	10,544
Deposits	21,305,177	20,408,556
<b>Total liabilities</b>	<b>\$ 22,023,010</b>	<b>\$ 34,051,837</b>

See accompanying Notes to Basic Financial Statements.

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## ***1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The basic financial statements of the City of Fremont, California (City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

### ***A. Description of the Government-Wide Financial Statements***

The government-wide financial statements (the Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. Data from the governmental funds and internal service funds financial statements are summarized as governmental activities in the government-wide financial statements. All fiduciary activities are reported only in the fund financial statements.

### ***B. Financial Reporting Entity***

The City was incorporated in January 1956. The City has a council-manager form of government and provides a wide range of municipal services. These basic financial statements present the City and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following is a brief overview of the component units included in the accompanying basic financial statements of the City. Financial information for these component units can be obtained from the City's Finance Department.

*Fremont Public Financing Authority (Financing Authority)* – A joint powers authority formed by the City and the former Redevelopment Agency of the City of Fremont (Agency), organized for the purpose of financing certain capital projects for the City or the Agency. Separate financial statements are not issued for the Financing Authority. Although the Agency ceased to exist after January 31, 2012, that occurrence had no effect on the existence of the Financing Authority.

*Fremont Social Services Joint Powers Authority (Social Services JPA)* – A joint powers authority formed by the City and the Agency, organized for the purpose of facilitating the activities of the Family Resource Center. In 1998, the Social Services JPA entered into a 40-year lease with the City for the two buildings that house the Family Resource Center. The Social Services JPA has committed to subleasing this space to CDBG-eligible tenants at below-market rents over the 40-year lease term. Rents collected from CDBG-eligible tenants are used to make payments on the debt service obligations incurred in connection with the purchase of the buildings. Separate financial statements

## Notes to Basic Financial Statements

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are not issued for the Social Services JPA. Although the Agency ceased to exist after January 31, 2012, that occurrence had no effect on the existence of the Social Services JPA.

The City Council serves in separate session as the governing body of the Financing Authority and the Social Services JPA and a financial benefit/burden relationship exists between the City and these entities. As a result, the financial activities of the Financing Authority and the Social Services JPA are integrally related to those of the City and are “blended” with those of the City.

### ***C. Basis of Presentation – Government-Wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The City reports the following governmental activities:

*General Government* – These services are those that are associated with the general administration of the government. These services are primarily provided by the following departments: City Council, City Manager, City Attorney, City Clerk, Finance, and Human Resources. These departments provide services that support external as well as other internal government functions of the City.

*Public Safety - Police Services* – The Police Department is responsible for the safeguarding of citizens’ lives and property, the preservation of constitutional rights, and neighborhood problem solving. These services also include the animal shelter and jail bookings.

*Public Safety - Fire Services* – The Fire Department is responsible for providing fire and life safety emergency services, including emergency response, paramedic services, public education, emergency-preparedness training and hazardous materials management services.

*Human Services* – The Human Services Department offers a range of services to the community including a senior center, paratransit services, counseling, and support for seniors, families and youth.

*Capital Assets Maintenance and Operations* – These services are provided by the Public Works Department and the Community Services Department and include maintenance of the City’s capital assets and infrastructure such as public buildings, parks, streets and vehicles.

*Recreation and Leisure Services* – Services provided by the Community Services Department include performing and visual arts, youth and adult sports, youth and early

childhood enrichment programs, park visitor services, and management of the community centers, special facilities, and historic sites.

Community Development and Environmental Services – These services are provided by the Community Development Department and the Environmental Services Division of the Community Services Department and include community planning, engineering, code enforcement, building permit and inspection services, and environmental services that enhance and preserve a high quality living environment within the City.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables; however, program revenues and expenses have been retained.

***D. Basis of Presentation – Fund Financial Statements***

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, deferred outflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and aggregated non-major funds. Accompanying statements are presented to reconcile and explain the differences in fund balances and change in fund balances as presented in these statements to the net position and change in net position presented in the government-wide financial statements. The fund types presented in the fund financial statements include the General Fund, special revenue funds, debt service funds, and capital projects funds. The City has presented all major funds that meet the criteria prescribed in GASB Statement No. 34.

The City reports the following major governmental funds:

General Fund – This fund is the City’s primary operating fund. It accounts for all financial resources and outlays of the general government. The General Fund receives the City’s discretionary funding sources (e.g., property tax, sales tax, charges for services, etc.) and uses its resources for the general operations of the City (e.g., police, fire, general government) not accounted for in other funds.

Development Impact Fees – This is a capital projects fund that accounts for impact fees levied under California Government Code Sections 66000 et seq., “Fees for Development Projects” (commonly referred to as AB1600) and Section 66477 (commonly referred to as the Quimby Act). The City assesses fees for fire, capital facilities, traffic, park dedication in lieu, and park facilities. These fees are used to defray all or a portion of the cost of additional public facilities needed to provide service to new development.

## Notes to Basic Financial Statements

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Development Cost Center – This is a special revenue fund that accounts for user fees and costs of services related to planning, engineering and inspection of public and private development construction projects.

Recreation Services – This is a special revenue fund that accounts for all of the City’s recreation programs and services, including Central Park and activities of the community centers. User fees are generated from the various classes and programs offered to the public.

Capital Improvement – By Council resolution, this capital projects fund can be used only to finance capital improvements for the City, including the acquisition, construction, and initial equipping of parks, recreation areas, public safety facilities, or other public works projects. Amounts in this fund are primarily received as transfers from the General Fund, as interest earned on invested cash balances, as proceeds from the sale of certain parcels of land, or as proceeds of debt.

Human Services – This is a special revenue fund used to account for revenues from federal, state, and local sources that, by law or administrative action, are designated to sustain the City’s social service infrastructure to promote a healthy and safe environment for families, the elderly, and youth. Services and programs include self-sufficiency, counseling, and housing assistance.

Intermodal Surface Transportation Efficiency Act (ISTEA) – This is a capital projects fund used to account for federal funding for transportation projects. Among ISTEA’s many programs, three provide capital improvement funds for local governments. These programs are known as the Surface Transportation Program, the Congestion Mitigation and Air Quality Improvement Program, and the Transportation Enhancement Activity Program. Funds are applied for on a project-by-project basis.

Low and Moderate Income Housing Asset – This is a special revenue fund created to administer the housing assets and functions related to the Low and Moderate Income Housing Program retained by the City following the dissolution of the former Agency. Principal and interest from developers for Low and Moderate housing projects and homeowners for the Single Family Rehabilitation and First Time Home Buyers Down Payment Assistance Program, as well as interest earned on invested cash balances, account for the revenues of this fund.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for all proprietary funds.

The City reports the following proprietary fund type:

Internal Service – This fund type accounts for the Risk Management and Information Technology services provided to other City departments on a cost-reimbursement basis, as well as funds accumulated for Fire Capital Replacement.

Internal service fund balances and activities have been incorporated into governmental activities in the government-wide financial statements.

Fiduciary fund financial statements consist of a Statement of Assets and Liabilities and a Statement of Changes in Assets and Liabilities. The City's fiduciary funds consist of three agency funds. The City's agency funds are custodial in nature and do not involve measurement of results of operations.

The City reports the following agency funds:

*Local Improvement Districts* – Special assessment bonds were issued by local improvement districts under various public improvement acts of the State of California and are secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. The City acts as an agent in collecting the assessments from the property owners, forwarding the collections to bondholders, and initiating foreclosure proceedings when necessary. This fund also accounts for the accumulation of City of Fremont Community Facilities District No. 1 (CFD 1) facilities and services special tax revenue, payment of principal and interest for the outstanding CFD 1 special tax bonds, and payment for maintenance of the public improvements at Pacific Commons financed with the special tax bonds.

*Performance Bonds, Deposits and Confiscated Assets* – This fund accounts for bonds and deposits received in conjunction with construction activity within the City, assets confiscated by the police, and other deposits held by the City in a fiduciary capacity.

*Southern Alameda County GIS* – This fund accounts for monies collected from agencies participating in a JPA for the administration of the Geographic Information System (GIS). The City is the administrator of the GIS, which serves the participating agencies. The parties to the JPA are the City of Fremont, City of Newark, Union Sanitary District, and Alameda County Water District.

During the year, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds are eliminated. Similarly, activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. However, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds are eliminated.

#### ***E. Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

## Notes to Basic Financial Statements

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The government-wide financial statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues not meeting the availability criteria are considered deferred inflows of resources. Property tax revenues are recognized in the current year if they are collected within 60 days of year-end. All other revenues are recorded when received in cash, except that revenues subject to accrual (generally received within 90 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property tax, sales tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Fines, forfeitures, licenses, and permits are not susceptible to accrual because they are usually not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

### *F. Use of Estimates*

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of revenues and expenses. Actual results could differ from these estimates and assumptions.

**G. Comparative Data**

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's fiscal year 2014/15 financial statements, from which the summarized information was derived. Comparative total data for the prior year have been presented to provide an understanding of the overall changes in the financial position and operations of the City. Certain fiscal year 2015/15 amounts presented as summarized comparative financial information in the basic financial statements have been reclassified for comparative purposes to conform to the presentation in the fiscal year 2015/16 basic financial statements.

**H. Effects of New Pronouncements**

The City implemented the following GASB Statements during the year:

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements.

Key changes include the following:

- Measurement of investments at fair value. Investments not measured at fair value continue to include money market investments and 2a7-like external investment pools.
- Measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets were previously required to be measured at fair value.
- Disclosures about fair value measurements, the level of fair value hierarchy, and valuation techniques.
- Disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent), such as the City's external investment pools.

The statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The statement also establishes a hierarchy of inputs to valuation techniques used to measure fair value, and permits quoted prices provided by third parties as long as the City determines that those quoted prices are developed in accordance with the provisions of the statement.

## Notes to Basic Financial Statements

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In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the hierarchy of generally accepted accounting principles to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specific with a source of authoritative GAAP.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 73*. The Statement addresses issues raised with respect to the GASB Statement No. 67, 68 and 73, regarding: (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of these statements did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2016.

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement addresses reporting by OPEB plans that administer benefits on behalf of governments. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68 associated with pensions provided through certain cost-sharing multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Such plans are not considered a state or local government pension plan and are used to provide benefits to both employees of state and local governments and employees of employers that are not state or local governments. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The statement addresses accounting and financial reporting for certain external investment pools and pool participants. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in GASB Statement No. 14, *The Financial Reporting Entity*, as amended. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The statement provides recognition and measurement guidance for situations in which a government is a beneficiary of these agreements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.

***I. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance***

**1. Cash and Investments**

The City pools cash resources from all funds in order to facilitate and maximize the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other fixed income investments with varying terms.

In addition, Note 2 provides information about the City's deposits and investments, interest sensitive investments, the credit quality of the investments held at year-end, and fair value measurement. Investments are presented at fair value except as noted below. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Money market investments (such as short-term, highly liquid debt instruments including bankers' acceptances) and securities (notes, bills, and obligations of the U.S. government and its agencies), and participating interest-earning investment contracts (such as negotiable certificates of deposit and repurchase agreements) that have a remaining maturity at the time of purchase of one year or less, are reported at amortized cost, which approximates fair value. Interest earned on investments is allocated monthly to all funds on the basis of daily cash and investment balances.

The City participates in two investment pools, the first managed by the State of California, the Local Agency Investment Fund (LAIF) and the second managed by PFM Asset Management LLC, the California Asset Management Program (CAMP). LAIF has invested a portion of the pool funds in structured notes and asset-backed securities, which are subject to interest rate risk. The fair value of participants' positions in the

## Notes to Basic Financial Statements

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external investment pools is the same as the value of the investment pool's shares and investment income, which includes changes in fair value (i.e., realized and unrealized gains or losses).

Cash and cash equivalents are considered to be cash on hand, amounts in demand deposits and short-term investments with original maturities of three months or less from the date acquired by the City.

### 2. Restricted Cash and Investments

Certain restricted cash and investments are held by a fiscal agent or the City for the redemption of bonded debt and for acquisition and construction of certain capital projects.

### 3. Capital Assets

Capital assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are stated at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure capital assets at \$25,000 and for all other capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets, as follows:

Infrastructure	15 – 100 years
Buildings	50 years
Building Improvements	20 years
Vehicles	5 – 27 years
Machinery and Equipment	5 – 25 years

The City defines infrastructure as the basic physical assets that allow the City to function. These assets include the street network, park and recreation lands and improvements network, storm water collection network, and site amenities associated with buildings, such as parking and landscaped areas, used by the City in the conduct of its business. All of the City's infrastructure networks are depreciated over their estimated useful lives, with the exception of the street network for which the City has elected to use the modified approach as defined by GASB Statement No. 34.

Pursuant to the modified approach to accounting for infrastructure assets, the City has committed to preserving and maintaining its street network at an appropriate condition level as determined by the City Council. Consequently, no depreciation expense is reported for the capital assets comprising the street network, nor are amounts capitalized in connection with improvements that lengthen the lives of those capital assets, unless those improvements also increase their service capacity. The City maintains an inventory of its street network infrastructure assets and performs periodic condition assessments to establish that the predetermined condition level is being maintained. Additionally, the City makes annual estimates of the amount that must be expended to preserve and maintain the street network at the predetermined condition level.

**4. Compensated Absences**

In accordance with negotiated labor agreements, employees accumulate earned but unused vacation and other compensated leave, and sick pay benefits. There is no liability for unpaid accumulated sick leave because the City does not pay any amounts when employees separate from service with the City. All vacation and other compensated leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds when due and payable only if it is expected to be settled with current financial resources.

**5. Claims Payable**

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes incurred but not reported (IBNR) claims and loss adjustment expenses. There is no fixed payment schedule to pay any of these liabilities.

**6. Unearned Revenue**

Unearned revenues arise when the City receives resources before it has a legal claim to them, as when grant monies are received before all eligibility requirements imposed by the grantor have been met (i.e. before incurring qualifying expenditures or performing related services). In subsequent periods, when the City has met all eligibility requirements, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

**7. Interfund Transactions**

During the normal course of operations, the City has numerous transactions among funds. The significant interfund transactions that occurred during the year can be classified into two types:

*Transfers* – Transactions to allocate resources or the occurrence of specific expenditures to the receiving fund. These transactions are recorded as transfers in and out in the year in which they are approved.

*Loans Between Funds* – Transactions to loan resources from one fund to another. Short-term loans are recorded as “due from other funds” in the disbursing fund and “due to other funds” in the receiving fund.

**8. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

## Notes to Basic Financial Statements

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In the fund financial statements, governmental-type funds recognize bond premiums and discounts during the period they occur. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### 9. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Fremont's California Public Employees' Retirement System (CalPERS) plans (the "Plans") and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### 10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the year ended June 30, 2016, the City is reporting deferred pension contributions and differences between expected and actual experiences for pension plans as deferred outflows of resources.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the year ended June 30, 2016, the City has two types of items to report in this category: the first, unavailable revenue which arises only under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet; the second, pension items including the difference between expected and actual earnings on pension investments, changes of pension plan assumptions, and differences between expected and actual experiences are reported in the government-wide and proprietary funds statement of net position. The unavailable revenues in the governmental funds will be recognized as an inflow of resources during the period that the amounts become available.

## 11. Net Position and Fund Balance

In the government-wide financial statements, net position is reported in one of three categories:

*Net Investment in Capital Assets* – groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance of this category.

*Restricted Net Position* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government—such as citizens, public interest groups, or the judiciary—can compel a government to honor.

*Unrestricted Net Position* – represents net position of the City that are not restricted for any project or purpose.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2016, fund balances for government funds are reported in the following categories:

*Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories, prepaid amounts, and long-term notes receivable.

*Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

*Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance or resolution (either action is equally binding as the other), commit fund balances. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.

## Notes to Basic Financial Statements

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*Assigned Fund Balance* – comprises amounts intended to be used by the City for specific purposes through budgetary actions or delegation of authority by the City Council. Intent is expressed by the City Council or an official to whom the City Council has delegated the authority (generally, the City Manager) to assign amounts to be used for specific purposes.

*Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. The amount also includes negative fund balances for other governmental funds.

At June 30, 2016, the City’s Intermodal Surface Transportation Efficiency Act (ISTEA) major capital projects fund had a deficit fund balance of \$1,333,265. The Miscellaneous State Grants Capital nonmajor capital project fund had a deficit fund balance of \$42,473. The City’s Proposition 1B Highway-Railroad Crossing Safety Account (HRCSA) nonmajor capital projects fund had a deficit fund balance of \$33,283. These deficits are due to the timing of receipt of revenues to fund capital expenditures. The deficits are expected to be funded by future intergovernmental revenues.

### 12. Use of Restricted/Unrestricted Net Position and Fund Balances

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position first.

With respect to fund balance, the City considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available. Additionally, the City considers committed amounts to have been spent first, assigned amounts to have been spent second, and unassigned amounts to have been spent last when an expenditure is incurred for purposes for which committed, assigned, and unassigned fund balance is available.

### 13. Minimum Fund Balance Policies

Budget policies adopted by the City Council and incorporated into the annual operating budget require the City to maintain the following four General Fund reserves: the Contingency Reserve, the Program Investment Reserve, the Economic Volatility Reserve, and the Budget Uncertainty Reserve.

*Contingency Reserve* – helps mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Contingency Reserve also serves as back-up liquidity to the Risk Management Fund if the need arises. The Contingency Reserve is funded at a level at least equal to 10% of annual operating expenditures and transfers out. All uses of the Contingency Reserve must be approved by City Council. Any such uses are to be repaid to the Contingency Reserve over a period of no more than three years. This reserve balance is reported as unassigned fund balance in the General Fund because it does not meet the requirements of a “stabilization

arrangement,” as defined in GASB Statement No. 54. At June 30, 2016, the Contingency Reserve was approximately \$17.3 million.

*Program Investment Reserve* – provides a source of working capital for the following: a) new programs or undertakings that have potential for receiving significant funding from outside sources, and b) organization retooling, process improvement, and strategic entrepreneurial opportunities. The Program Investment Reserve is funded at a level equal to 2.5% of annual operating expenditures and transfers out. All uses of the Program Investment Reserve must be approved by the City Council. Any such uses are to be repaid to the Program Investment Reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. This reserve balance is reported as unassigned fund balance in the General Fund because it does not meet the requirements of a “stabilization arrangement,” as defined in GASB Statement No. 54. At June 30, 2016, the Program Investment Reserve was approximately \$4.3 million.

*Economic Volatility Reserve* – is intended to offset the effects of future economic downturns and unanticipated cost increases beyond the City’s control. The Economic Volatility Reserve is funded at a level equal to 2.5% of annual operating expenditures and transfers out. All uses of the Economic Volatility Reserve must be approved by the City Council. Any such uses are to be repaid to the Economic Volatility Reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. This reserve balance is reported as unassigned fund balance in the General Fund because it does not meet the requirements of a “stabilization arrangement,” as defined in GASB Statement No. 54. At June 30, 2016, the Economic Volatility Reserve was approximately \$4.3 million.

*Budget Uncertainty Reserve* – is intended to offset quantifiable uncertainty in the multi-year forecast. The long-term funding level for this reserve is determined by measuring the level of financial risk associated with the following three areas of uncertainty:

**Revenue risks:** Revenues falling short of budget projections, causing budget shortfalls.

**State budget risks:** Possibility of State implemented budget solutions that legislatively reallocate intergovernmental revenues from local jurisdictions to the State (in the absence of guarantees or constitutional protection of these revenues).

**Uncontrollable costs:** The City requires a source of supplemental funding for things like further increases in the California Public Employees’ Retirement System (CalPERS) retirement rates resulting from CalPERS investment performance falling short of actuarial

## Notes to Basic Financial Statements

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assumptions; and other cost increases beyond City control (e.g., various fuel and utility charges).

All uses of this reserve must be approved by the City Council. If the risk factors described above are eliminated as a result of new revenue sources, legislation, or major changes in economic conditions, the basis for the reserve will be reviewed and the funding level may be adjusted accordingly. In the event the reserve has accumulated funding beyond the established level reasonably required to offset the risks above, excess funds will be assigned for capital projects, budgeted for service enhancement, or returned to the General Fund for other purposes. This reserve is reported as unassigned fund balance in the General Fund because it does not meet the requirements of a “stabilization arrangement,” as defined in GASB Statement No. 54. At June 30, 2016, the Budget Uncertainty Reserve was approximately \$3.7 million.

### ***J. Revenues, Expenditures/Expenses***

#### **1. Program Revenues**

The types of transactions reported as program revenues for the City are reported in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### **2. Allocation of Indirect Expense to Functions in the Government-Wide Statement of Activities**

The City charges funds and departments for certain centralized expenses (risk management, information technology, OPEB, and vehicle maintenance and replacement) which include an administrative overhead component. As a result, those indirect expenses are included along with the direct expenses shown for each of the governmental activities in the government-wide statement of activities.

#### **3. Property Tax**

Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increases approved by the voters. Property taxes go into a pool and are then allocated to cities based on complex formulas. Property taxes are collected by the Auditor-Controller of the County of Alameda (County) and are remitted upon collection to the various taxing entities, including the City. Accordingly, the City accrues only those taxes that are received from the County within sixty days after year-end.

For assessment and collection purposes, property is classified as either “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and real property having a tax lien that is sufficient, in the opinion of the County Assessor, to

secure payment of the taxes. Unsecured property comprises all taxable property not attached to land, such as personal property or business property. Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer.

Valuation of secured property and establishment of a statutory tax lien occur as of January 1 prior to the tax year (the tax year is the July 1 – June 30 fiscal year of the State) of the related tax levy, and the secured and unsecured tax rolls are certified on or before July 31 of the tax year by the County Assessor.

The County assesses property values, levies bills, and collects taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Lien Dates	January 1	January 1
Levy Dates	January 1	January 1
Due Dates	50% on November 1 50% on February 1	July 1
Delinquent after	December 10 (for November) April 10 (for February)	August 31

The City does not have the ability to control the levy rate or the amount of property taxes remitted by the County because these are governed by State law.

**4. Operating and Nonoperating Revenues and Expenses in the Proprietary Funds**

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

**5. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2016, the following special revenue funds had an excess of expenditures over appropriations, which were expected to be covered with existing fund balance: COPS AB3229, CUPA Administration, and Miscellaneous Federal Grants.

### 2. *CASH AND INVESTMENTS*

The City maintains an internal cash and investment pool for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled, and are reported as cash with fiscal agent. Investment income earned on pooled cash and investments is allocated monthly to the various funds based on average daily cash balances. Investment income from cash and investments with fiscal agent is credited directly to the related funds.

#### *A. Authorized Investments*

The City's investment policy is adopted annually by the City Council in accordance with California Government Code Section 53601, and has as its objectives the following (in order of priority):

- **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in the portfolio's composition.
- **Liquidity:** The portfolio shall remain sufficiently liquid to meet all operating requirements that can be reasonably anticipated. Liquidity refers to the ability to sell an investment at any given moment with a minimal chance of losing some portion of principal or interest.
- **Yield:** The portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Under provisions of the City's investment policy, the City may invest in the following types of investments:

- Bonds and notes issued by the City.
- U.S. Treasury bills, notes, bonds, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- Registered state warrants or treasury notes or bonds issued by the State of California in the third highest rating category or better by a nationally recognized statistical rating organization (NRSRO).
- Registered treasury notes or bonds of any of the other 49 states in addition to California in the third highest rating category or better by a NRSRO.
- Bonds, notes, warrants, or other evidence of debt issued by a local agency within the State of California in the third highest rating category or better by a NRSRO.
- The Local Agency Investment Fund (LAIF) maintained by the State of California.

- Obligations issued by agencies or instrumentalities of the U.S. Government.
- Bankers' acceptances with a term not to exceed 180 days in the highest short-term rating category by a NRSRO.
- Prime commercial paper with a term not to exceed 270 days and the highest rating issued by Moody's Investors Service or Standard & Poor's Corporation on the date of purchase. Eligible paper shall be issued by corporations that are organized and operating within the United States, having total assets in excess of \$500,000,000, rated A-1, and if the issuer has issued long-term debt, it must be rated in the third highest rating category or better by a NRSRO.
- Negotiable certificates of deposit issued by federally chartered or state-chartered banks or associations or by a state-licensed branch of a foreign bank in the third highest rating category or better by at least two NRSROs.
- Repurchase agreements that comply with statutory requirements, are documented by a written agreement, are fully collateralized by delivery to an independent third-party custodian or the counterparty's bank's trust department or safekeeping department, and are for a term of one year or less.
- Medium-term notes issued by corporations organized and operating in the United States and rated in the third highest rating category or better by at least two NRSROs.
- Shares of beneficial interest issued by diversified management companies investing in authorized securities and obligations categorized as money market mutual funds with the highest rating by at least two NRSROs (e.g., money market mutual funds).
- Shares of beneficial interest issued by a joint powers authority organized pursuant to section 6509.7 of the California Government Code that invests in the securities and obligations authorized in subdivisions (a) and (o), inclusive of Section 53601 of the California Government Code.
- Insured or collateralized time deposits or savings accounts secured in accordance with the provisions of Sections 53651 and 53652 of the California Government Code.
- Any pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond rated in the second highest rating category or better by at least two NRSROs.
- Senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, rated in the second highest rating category or better by an NRSRO.

No more than a five-year maximum maturity for each investment is allowed, unless an extension of maturity is granted by the City Council.

## Notes to Basic Financial Statements

In accordance with Section 53651 of the California Government Code, the City cannot invest in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity. The limitation does not apply to investments in shares of beneficial interest issued under the Investment Company Act of 1940 that are authorized investments under Section 53601 of the California Government Code.

The City's investment policy specifies that the provisions of the related bond indentures or resolutions shall govern investments of bond proceeds.

The following is a summary of pooled cash and investments, including cash and investments with fiscal agent, at June 30, 2016:

	Governmental Activities	Fiduciary Funds	Totals
Cash and investments held by the City	\$ 288,427,354	\$ 13,032,769	\$ 301,460,123
Restricted cash and investments held by fiscal agent or City	13,917,087	8,127,041	22,044,128
Cash overdraft	-	(1,480)	(1,480)
Total cash and investments	302,344,441	21,158,330	323,502,771
Less: cash and deposits not meeting the definition of investments	(18,956,841)	(2,273,163)	(21,230,004)
Total investments	\$ 283,387,600	\$ 18,885,167	\$ 302,272,767

### ***B. Risk Disclosures - Deposits***

At June 30, 2016, the carrying and bank amounts of the City's cash and deposits were \$21,230,004 and \$24,267,142, respectively. Of the bank balance, \$1,250,000 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$23,017,142 was collateralized. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of secured public deposits.

### ***C. Risk Disclosure - Investments***

In the governmental funds, restricted cash and investments held by the City in the Fire General Obligation Bonds Debt Service Fund are related to general obligation bonds. Restricted cash and investments held by fiscal agent in the Fremont Public Financing Authority Debt Service Fund and in the Capital Improvement Fund are restricted for the payment of principal and interest on certificates of participation and capital project

expenditures. In the fiduciary funds, restricted cash and investments relate to special assessment and special tax bonds.

**Interest Rate Risk.** At June 30, 2016, the City did not hold investments that are “highly sensitive to interest rate fluctuations,” as defined by GASB Statement No. 40. As a means of limiting exposure to fair value losses arising from rising interest rates, the City’s investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. The weighted-average life of the portfolio was 623 days, without regard to call features of many of the bonds held in the portfolio.

**Credit Risk.** It is the City’s policy that commercial paper must have a credit rating of A1 by Standard & Poor’s or P-1 by Moody’s Investors Service at time of purchase. Corporate bonds and medium-term notes must have a rating of A or better by at least two nationally recognized statistical rating organizations (NRSROs) at time of purchase. Mutual funds must have the highest rating issued by at least two NRSROs. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

As of June 30, 2016, the City’s investments consisted of the following:

Investment Type	Lowest Rating Category*	Fair Value	Investment Maturities				
			1 Year or Less	1-2 Years	2-3 Years	3-4 Years	4-5 Years
Pooled investments held by the City:							
U.S. Treasuries	AA	\$ 73,115,523	\$ -	\$ -	\$ 19,013,731	\$ 21,856,365	\$ 32,245,427
U.S. Agencies:							
Federal Farm Credit Bank Bonds (FFCB)	AA	1,000,026	-	1,000,026	-	-	-
Federal Home Loan Bank Bonds (FHLB)	AA	1,000,010	-	1,000,010	-	-	-
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	AA	3,082,491	-	-	3,082,491	-	-
Federal National Mortg. Assn. Bonds (FNMA)	AA	15,401,328	-	6,022,510	7,322,562	2,056,256	-
Medium-term corporate notes	AA/Aa	11,276,238	-	10,453,920	-	822,318	-
Medium-term corporate notes	A	22,054,145	-	4,180,820	4,373,418	6,478,691	7,021,216
Medium-term corporate notes	BBB	2,398,146	-	-	1,539,255	-	858,891
Municipal Bonds	AA/Aa	3,612,180	-	2,898,103	714,077	-	-
Municipal Bonds	A	660,233	-	660,233	-	-	-
Asset-Backed Securities	AAA/Aaa	7,614,320	-	-	3,348,480	3,336,280	929,560
Collateralized Mortgage Obligations	AA	2,910,224	-	1,230,440	532,572	1,147,212	-
Negotiable Certificates of Deposit	A-1/P-1	15,673,222	5,450,204	10,223,018	-	-	-
Negotiable Certificates of Deposit	AA/Aa	10,792,569	4,907,864	5,884,705	-	-	-
Supranational notes	AAA/Aaa	2,388,151	-	-	2,388,151	-	-
LAIF**	Not Rated	65,040,379	65,040,379	-	-	-	-
CAMP**	Not Rated	47,040,624	47,040,624	-	-	-	-
Total pooled investments held by the City		285,059,809	122,439,071	43,553,785	42,314,737	35,697,122	41,055,094
Investments held by fiscal agent:							
Money market mutual funds**	AAA/Aaa	16,448,883	16,448,883	-	-	-	-
Medium-term corporate notes	Baa	764,075	-	-	764,075	-	-
Total investments held by fiscal agent		17,212,958	16,448,883	-	764,075	-	-
Total investments		\$ 302,272,767	\$ 138,887,954	\$ 43,553,785	\$ 43,078,812	\$ 35,697,122	\$ 41,055,094

\* Rating categories shown are for: Standard and Poor's (AAA, AA, A) and Moody's (Aaa, Aa, A, Baa); ratings are shown without modifications (+, -, 1, 2, or 3).

\*\* Weighted average maturity.

## Notes to Basic Financial Statements

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***Custodial Credit Risk.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of the money market funds, time deposits, and LAIF, are held by a third-party custodian, Bank of New York Mellon (BNYM). BNYM is a registered member of the Federal Reserve Bank. The securities held by BNYM are in street name, and a customer number assigned to the City identifies ownership.

***Concentration of Credit Risk.*** Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer. The City diversifies its portfolio by limiting the percentage of the portfolio that can be invested in any one issuer's name to 5%. Investments in U.S. Treasury securities, Federal Agency securities, mutual funds and investment pools (LAIF, CAMP) are not subject to this limit on credit concentration.

### ***D. Fair Value Adjustment***

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, require that the City's investments be carried at fair value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included in income for that fiscal year. The total amount of the unrealized fair value gain as of June 30, 2016 was \$1,974,721. At June 30, 2015, the total unrealized fair value gain was \$92,236. The change in value between the two periods amounted to an unrealized gain of \$1,882,485 for fiscal year 2015/16.

### ***E. External Investment Pools***

***Local Agency Investment Fund*** – The City voluntarily invests in the California Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF is part of the Pooled Money Investment Account (PMIA). PMIA oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. PMIB members are the State Treasurer, State Director of Finance, and State Controller. The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designated by statute. The Chairman is the State Treasurer or his designated representative. Two members are qualified by training and experience in the field of investment or finance, and the State Treasurer appoints two members who are treasurers, finance or fiscal officers, or business managers employed by any county, city or local district or municipal corporation of the state.

The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the City's pool share. The City measures the value of its LAIF investment by multiplying its account balance by the ratio of the portfolio fair value to amortized cost (a factor of 1.000621222). The balance available for withdrawal is based on the accounting records maintained by the State, which are recorded on an amortized cost basis. As of June 30, 2016, the City had \$65,000,000 invested in LAIF, and the fair value of the City's investment in LAIF was \$65,040,379.

At June 30, 2016, PMIA had a total portfolio of approximately \$75.4 billion and of that amount, 97.19% was invested in non-derivative financial products and 2.81% was invested in structured notes and asset-backed securities. These investments include the following:

- Structured notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.
- Asset-backed securities entitle the purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest repayments from a pool of mortgages (e.g., CMOs), small business loans, or credit card receivables.

*California Asset Management Program* – The City voluntarily invests in the California Asset Management Program (CAMP), a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers.

CAMP determines fair value on its investment portfolio based on amortized cost. The City measures the value of its CAMP investment at the fair value amount provided by CAMP. As of June 30, 2016, the fair value of the City's investment in CAMP was \$47,040,624.

At June 30, 2016, CAMP had a total portfolio of approximately \$1.8 billion of which all was invested in non-derivative financial products.

#### ***F. Fair Value Hierarchy***

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City does not measure any of its investments using level 3 inputs.

## Notes to Basic Financial Statements

The following is a summary of the fair value and net asset value measurements of the City as of June 30, 2016:

Investments	Balance at 6/30/2016	Fair Value Measurements Using	
		Level 1 Inputs	Level 2 Inputs
Investments by fair value level:			
U.S. Treasuries	\$ 73,115,523	\$ 73,115,523	\$ -
U.S. Agencies	20,483,855	-	20,483,855
Medium-term corporate notes	36,492,604	-	36,492,604
Municipal Bonds	4,272,413	-	4,272,413
Asset-Backed Securities	7,614,320	-	7,614,320
Collateralized Mortgage Obligations	2,910,224	-	2,910,224
Negotiable Certificates of Deposit	26,465,791	-	26,465,791
Supranational notes	2,388,151	-	2,388,151
Total investments by fair value level	173,742,881	\$ 73,115,523	\$ 100,627,358
Investments measured at the net asset value (NAV):			
LAIF	65,040,379		
CAMP	47,040,624		
Money market mutual funds	16,448,883		
Total investments measured at the NAV	128,529,886		
Total investments measured at fair value	\$ 302,272,767		

U.S. Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using prices determined by the use of matrix pricing techniques maintained by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

### 3. HOUSING LOANS RECEIVABLE

The City purchased ten rehabilitation loans from the former Successor Agency to the Redevelopment Agency of the City of Fremont (SARA) on June 30, 2013 for the discounted net present value of \$364,442. The SARA assigned to the City all the SARA's rights, title, and interest in and to the loan documents, including, without limitation, the rights to receive and enforce payment of the loan repayments. The balance due on these loans at June 30, 2016 is \$241,245 in the General Fund. The City has recorded an allowance in anticipation of the amount to be forgiven for these loans in the amount of \$126,526, resulting in a receivable balance of \$114,719. Because these loans do not meet the City's availability criteria for revenue recognition, the City has deferred the inflow of resources in the governmental funds financial statements.

At June 30, 2016, the City was owed \$1,447,990 in its Human Services special revenue fund for various housing assistance loans to homeowners made by the City. The terms of repayment are for 20 years at 5% interest per annum. Because the notes do not meet the City's availability criteria for revenue recognition, the City has deferred the inflow of resources in the governmental funds financial statements.

The City has issued various other housing loans that are expected to be forgiven in future years. As a result, the City has recorded an allowance in anticipation of the amount to be forgiven for loans receivable in the same amount as the outstanding principal on those loans, resulting in a zero balance in the basic financial statements. Accrued interest on the loans is recorded as interest receivable with an offsetting allowance for uncollectible amounts in anticipation of the amount to be forgiven together with the loan principal. The cumulative amount of these housing loans receivable as of June 30, 2016 is \$87,757,917, and the accumulated interest receivable is \$19,819,076.

**4. CAPITAL ASSETS**

Capital assets activities of the governmental activities of the primary government for the year ended June 30, 2016, consist of the following:

	Balance 7/1/2015	Increase	Decrease	Transfers	Balance 6/30/2016
<b>Nondepreciable Assets:</b>					
Land	\$ 211,998,125	\$ 194,178	\$ (481,519)	\$ -	\$ 211,710,784
Land improvements	5,448,471	-	-	-	5,448,471
Infrastructure	459,494,113	3,484,335	-	29,026,555	492,005,003
Construction in progress	37,739,749	8,720,630	(5,610,681)	(30,975,928)	9,873,770
Total nondepreciable assets	<u>714,680,458</u>	<u>12,399,143</u>	<u>(6,092,200)</u>	<u>(1,949,373)</u>	<u>719,038,028</u>
<b>Depreciable Assets:</b>					
Building and improvements	217,886,088	-	(443,774)	-	217,442,314
Equipment	19,780,511	1,378,196	(1,149,500)	8,161	20,017,368
Vehicles	30,890,447	2,312,607	(1,344,631)	-	31,858,423
Infrastructure	326,094,926	767,809	-	1,941,212	328,803,947
Total depreciable assets	<u>594,651,972</u>	<u>4,458,612</u>	<u>(2,937,905)</u>	<u>1,949,373</u>	<u>598,122,052</u>
<b>Less Accumulated Depreciation For:</b>					
Building and improvements	(64,932,899)	(4,363,997)	17,751	-	(69,279,145)
Equipment	(14,542,746)	(815,798)	1,128,385	-	(14,230,159)
Vehicles	(18,020,647)	(2,166,596)	1,184,081	-	(19,003,162)
Infrastructure	(314,280,088)	(813,970)	-	-	(315,094,058)
Total accumulated depreciation	<u>(411,776,380)</u>	<u>(8,160,361)</u>	<u>2,330,217</u>	<u>-</u>	<u>(417,606,524)</u>
Total depreciable assets, net	<u>182,875,592</u>	<u>(3,701,749)</u>	<u>(607,688)</u>	<u>1,949,373</u>	<u>180,515,528</u>
<b>Total capital assets, net</b>	<b><u>\$ 897,556,050</u></b>	<b><u>\$ 8,697,394</u></b>	<b><u>\$ (6,699,888)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 899,553,556</u></b>

## Notes to Basic Financial Statements

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Depreciation expense was charged to functions and programs of the primary government, as follows:

Governmental Activities:	
General government	\$ 215,685
Police services	1,025,822
Fire services	2,308,033
Human services	37,831
Capital assets maintenance and operations	3,597,716
Recreation services	379,625
Community development and environmental services	163,517
Amount reported in the internal service funds	<u>432,132</u>
Total depreciation expense, governmental activities	<u>\$8,160,361</u>

During the fiscal year, the City retired assets of \$6.7 million and received total sale proceeds of \$23.9 million to fund capital projects. The most significant transaction was the sale of the 9.59 acres on Palm Avenue, (\$481,519 book value) for \$22.4 million.

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Position. The City elected to use the modified approach, as defined by GASB Statement No. 34, for infrastructure reporting for its roads and street network. As a result, no accumulated depreciation expense has been recorded for this system. A more detailed discussion of the modified approach is presented in the Required Supplementary Information section of this report. All other capital assets, including other infrastructure systems, are reported using the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

5. LONG-TERM OBLIGATIONS

A summary of changes in governmental activities long-term debt for the year ended June 30, 2016, is as follows:

	Interest Rates	Amounts Outstanding June 30, 2015	Incurred or Issued	Satisfied or Matured and Net Decreases	Amounts Outstanding June 30, 2016	Amounts Due Within One Year	Amounts Due in More than One Year
<b>General Obligation Bonds</b>							
Fire Safety Bond 2009 Maturity - 08/01/2038	2.50-5.125%	\$ 14,475,000	\$ -	\$ (350,000)	\$ 14,125,000	\$ 365,000	\$ 13,760,000
Fire Safety Bond 2012 Maturity - 08/01/2032	2.00-3.25%	7,430,000	-	(325,000)	7,105,000	330,000	6,775,000
Fire Safety Bond 2013 Maturity - 08/01/2034	4.00-4.25%	21,305,000	-	(725,000)	20,580,000	760,000	19,820,000
<b>Total general obligation bonds</b>		<b>43,210,000</b>	<b>-</b>	<b>(1,400,000)</b>	<b>41,810,000</b>	<b>1,455,000</b>	<b>40,355,000</b>
<b>Certificates of Participation</b>							
1998 Public Financing Authority Maturity - 08/01/2028	Variable	8,165,000	-	(425,000)	7,740,000	450,000	7,290,000
2008 Public Financing Authority Maturity - 08/01/2038	4.0-5.30%	24,650,000	-	(585,000)	24,065,000	610,000	23,455,000
2008 Public Financing Authority Maturity - 08/01/2038	Variable	43,055,000	-	(1,075,000)	41,980,000	1,125,000	40,855,000
2010 Public Financing Authority Maturity - 08/01/2038	Variable	14,545,000	-	(465,000)	14,080,000	480,000	13,600,000
2012A Public Financing Authority Maturity - 08/01/2025	2.00-4.00%	10,560,000	-	(815,000)	9,745,000	840,000	8,905,000
2012B Public Financing Authority Maturity - 08/01/2030	Variable	27,690,000	-	(1,525,000)	26,165,000	1,555,000	24,610,000
<b>Total certificates of participation</b>		<b>128,665,000</b>	<b>-</b>	<b>(4,890,000)</b>	<b>123,775,000</b>	<b>5,060,000</b>	<b>118,715,000</b>
<b>Lease Financing</b>							
2016 Energy Efficiency Financing Maturity - 02/01/2027	2.01%	-	9,100,000	-	9,100,000	-	9,100,000
<b>Total long-term debt</b>		<b>171,875,000</b>	<b>9,100,000</b>	<b>(6,290,000)</b>	<b>174,685,000</b>	<b>6,515,000</b>	<b>168,170,000</b>
Unamortized long-term bond premium		1,650,679	-	(123,717)	1,526,962	123,717	1,403,245
<b>Total long-term debt with unamortized bond premium</b>		<b>\$173,525,679</b>	<b>\$ 9,100,000</b>	<b>\$ (6,413,717)</b>	<b>\$176,211,962</b>	<b>\$ 6,638,717</b>	<b>\$169,573,245</b>

Amounts of long-term debt payable in the government-wide financial statements are generally payable from amounts available in related debt service funds and from annual property tax and certain other revenues collected for the purpose of retiring the respective debt obligations.

## Notes to Basic Financial Statements

The annual principal and interest requirements of long-term debt are as follows:

Year Ending June 30	General Obligation Bonds		Certificates of Participation and Energy Efficiency Financing	
	Principal	Interest	Principal	Interest *
2017	1,455,000	1,732,094	5,060,000	1,996,290
2018	1,510,000	1,678,125	6,040,308	1,975,291
2019	1,565,000	1,618,100	6,217,081	1,891,298
2020	1,615,000	1,558,000	6,399,193	1,804,701
2021-2025	9,025,000	6,736,163	35,179,989	7,493,452
2026-2030	10,845,000	4,720,594	31,843,429	4,843,917
2031-2035	12,065,000	2,254,669	22,440,000	2,947,440
2036-2039	3,730,000	394,600	19,695,000	803,040
<b>Total</b>	<b>\$ 41,810,000</b>	<b>\$ 20,692,345</b>	<b>\$132,875,000</b>	<b>\$ 23,755,429</b>

\* Variable-rate interest requirements for the 1998, 2008, 2010, and 2012B Public Financing Authority Certificates of Participation are estimated using interest rates in effect as of June 30, 2016, of 0.40%.

The following assets have been pledged as collateral towards the related long-term debt issues:

<u>Certificates of Participation/Lease Financing</u>	<u>Secured Assets</u>
1998 Public Financing Authority	Family Resource Center
2008 Public Financing Authority – fixed rate	Maintenance Center
2008 Public Financing Authority – variable rate	Fire Stations #8 and #9 Main Library
2010 Public Financing Authority	Fire Stations #2 and #6 Fire Tactical Training Center
2012A Public Financing Authority	Police Detention and Property Evidence Storage Facility Animal Shelter
2012B Public Financing Authority	Police Facility Fire Station #3
2016 Energy Efficiency Financing	Streetlights

**A. Debt Issuance**

On May 3, 2016, the City Council adopted a resolution approving a lease financing with Pinnacle Public Finance, Inc. to finance a package of energy and water efficiency measures. The financing, in the amount of \$9,100,000, closed on May 24, 2016. The leased assets consist of the City's streetlights, and the lease payments are payable from general revenues of the City. The lease financing bears a fixed interest rate of 2.01% and has a final maturity date of February 1, 2027. As of June 30, 2016, the lease financing indebtedness was \$9,100,000.

**B. Special Assessment Debt (No City Commitment)**

Special assessment bonds have been issued under various public improvement acts of the State of California and are secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. The City is not liable for repayment and acts only as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings when necessary. These bonds are payable solely from assessments, specific reserves, and the proceeds from property foreclosures. As of June 30, 2016, special assessment bonded indebtedness (long-term and current portions) was approximately \$1,120,000.

**C. Community Facilities District Special Tax Bonds (No City Commitment)**

Pacific Commons Community Facilities District No. 1 (the "CFD") was formed by the City Council in 1996 pursuant to the Mello-Roos Community Facilities Act of 1982 for the construction of infrastructure improvements to be acquired and maintained by the City of Fremont within the CFD. The CFD is a business park with commercial and industrial facilities.

On June 12, 2001, the City Council approved the issuance of \$30,000,000 of Community Facilities District No. 1, Special Tax, Series 2001 (Pacific Commons) bonds. These bonds were issued on June 27, 2001. The proceeds of the 2001 bonds were utilized to finance the acquisition of specified public capital improvements for the development of the CFD.

On June 26, 2005, the City Council approved the issuance of \$38,000,000 of Community Facilities District No. 1, Special Tax, Series B (Pacific Commons) bonds. These bonds were issued on July 21, 2005. The net proceeds of the Series B bonds were used to reimburse the developers for the costs of specified public improvements conveyed to public agencies in conjunction with the development of Pacific Commons.

On August 25, 2015, the City issued \$79,700,000 of Community Facilities District No. 1 (Pacific Commons) Special Tax Bonds, Series 2015 (the Series 2015 Bonds). A portion of the Series 2015 Bonds was issued to fully refund the following, maturing on or after September 1, 2015:

## Notes to Basic Financial Statements

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Community Facilities District No. 1 (Pacific Commons) Special Tax Bonds  
Series 2001 - \$27,195,000  
Series 2005 - \$37,960,000

Additionally, a portion of the Series 2015 Bonds was issued to reimburse the developer for the cost of certain public facilities and improvements previously completed and accepted by the City.

The property owners are obligated to pay the interest and principal on the Series 2015 Bonds through an annual levy pursuant to the Rate and Method of Apportionment approved by the City Council and the qualified electors of the CFD. The Series 2015 Bonds are not a general debt liability of the City and are solely payable from the annual facilities special tax levy and the reserve fund. The Series 2015 Bonds bear fixed interest rates ranging from 2.00% to 5.00% and have a final maturity date of September 1, 2045. As of June 30, 2016, the Series 2015 Bond indebtedness was \$79,700,000.

### ***D. Variable Rate Demand Certificates of Participations (COPs)***

In connection with the issuance of the 1998 Public Financing Authority COPs, the Financing Authority obtained an irrevocable letter of credit as a credit facility with U.S. Bank, NA for the COPs. The letter of credit was extended on August 22, 2016 and is due to expire on June 30, 2017. If unreimbursed draws on the credit facility were converted to a term loan in accordance with the reimbursement agreement, the unreimbursed amount would bear interest at rates as defined in the reimbursement agreement of up to 12% per annum, and would be repaid in six substantially equal semiannual debt service payments commencing six months after the draw. The Financing Authority is required to pay an annual commitment fee of 0.475% based on the outstanding principal amount of the bonds plus the interest component as defined in the reimbursement agreement supported by the credit facility. For the year ended June 30, 2016, the Financing Authority paid an annual commitment fee in the amount of \$39,077.

In connection with the issuance of the 2008 Public Financing Authority COPs, the Financing Authority obtained an irrevocable letter of credit as a credit facility with U.S. Bank, NA for the COPs. The letter of credit was extended on August 22, 2016 and is due to expire on June 30, 2017. If unreimbursed draws on the credit facility were converted to a term loan in accordance with the reimbursement agreement, the unreimbursed amount would bear interest at rates as defined in the reimbursement agreement of up to 12% per annum, and would be repaid in six substantially equal semiannual debt service payments commencing six months after the draw. The Financing Authority is required to pay an annual commitment fee of 0.475% based on the outstanding principal amount of the bonds plus the interest component as defined in the reimbursement agreement supported by the credit facility. For the year ended June 30, 2016, the Financing Authority paid an annual commitment fee in the amount of \$210,406.

In connection with the issuance of the 2010 Public Financing Authority COPs, the Financing Authority obtained an irrevocable letter of credit as a credit facility with U.S. Bank, NA for the COPs. The letter of credit was extended on August 22, 2016 and is due to

expire on June 30, 2017. If unreimbursed draws on the credit facility were converted to a term loan in accordance with the reimbursement agreement, the unreimbursed amount would bear interest at rates as defined in the reimbursement agreement of up to 12% per annum, and would be repaid in six substantially equal semiannual debt service payments commencing six months after the draw. The Financing Authority is required to pay an annual commitment fee of 0.475% based on the outstanding principal amount of the bonds plus the interest component as defined in the reimbursement agreement supported by the credit facility. For the year ended June 30, 2016, the Financing Authority paid an annual commitment fee in the amount of \$70,118.

In connection with the issuance of the 2012B Public Financing Authority COPs, the Financing Authority obtained an irrevocable letter of credit as a credit facility with Wells Fargo Bank, NA for the COPs. The Letter of Credit is due to expire on May 1, 2017. If unreimbursed draws on the credit facility were converted to a term loan in accordance with the reimbursement agreement, the unreimbursed amount would bear interest at rates as defined in the reimbursement agreement of up to 10% per annum, and would be repaid in eleven substantially equal semiannual debt service payments commencing six months after the draw. The Financing Authority is required to pay an annual commitment fee of 0.42% based on the outstanding principal amount of the bonds plus the interest component as defined in the reimbursement agreement supported by the credit facility. For the year ended June 30, 2016, the Financing Authority paid an annual commitment fee in the amount of \$115,321.

***E. Pledged Revenues for Bonds***

The City, through the Fremont Public Financing Authority, has issued multiple series of Certificates of Participation and entered into a direct placement energy efficiency lease financing to finance and refinance city facilities and equipment. The certificates of participation and lease financing are payable by a pledge of lease revenues payable by the City, pursuant to the Lease Agreements between the City and the Financing Authority. The City has covenanted that as long as the leased properties are available for its use, the City will take such action as may be necessary to include all lease payments in its annual budgets and to make the necessary annual appropriations. Total debt service requirements remaining on the certificates of participation and lease financing are \$156,630,429, payable through August 1, 2038. For the year ended June 30, 2016, the total lease payments made by the City and total debt service payments paid by the Financing Authority totaled \$6,387,252.

At the City's municipal general election held on November 5, 2002, voters approved Measure R authorizing the issuance of Fire Safety Project General Obligation Bonds in the not-to-exceed amount of \$51,000,000 and an override property tax to pay debt service on the bonds. Measure R specified that the Fire Safety Project General Obligation Bonds proceeds be used to replace three older fire stations with new modern stations, to construct public safety training facilities, and to remodel and to upgrade seven existing fire stations to meet current earthquake standards. Three bond series totaling \$51,000,000 have been issued.

## Notes to Basic Financial Statements

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The City's General Obligation bonds are payable from pledged ad valorem property taxes until August 1, 2038, the final maturity date of the bonds. The total principal and interest remaining on these bonds is \$62,502,345. For the fiscal year ended June 30, 2016, the City collected \$3,097,045 in ad valorem property taxes and made total debt service payments in the amount of \$3,177,738.

### *F. Compensated Absences*

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. During FY 2015/16, employees earned \$7,089,470 of compensated absences and used \$6,787,616. As of June 30, 2016, the total liability for vacation and other compensated leaves is \$9,118,034. Of that balance, \$2,279,509 is expected to be used within one year, with the remaining \$6,838,525 to be used in subsequent years. The City typically uses the General Fund to liquidate the majority of its compensated absences.

## **6. POLLUTION REMEDIATION OBLIGATION**

The properties for which the City bears pollution remediation responsibilities are described in the following paragraphs. At June 30, 2016, the City estimated that \$806,000 or 31% of the total obligation is due and payable (due within one year) with the remaining portion due in more than one year.

### *A. Police Firing Range*

In November 2010 the City entered into a ten year Amendment to a Lease Agreement with the Alameda County Water District (ACWD) for the use of a portion of its property as an outdoor police firing range. ACWD plans to use the land for other purposes when the City lease expires at the end of 2020. Under the terms of the Amendment, the City is obligated to remove the lead contamination from the ACWD property at the termination of the lease. The Amendment also provides for a reassessment of the remediation costs every two years, and if the reassessment exceeds the current estimate by 10% the City is to increase the amount of funds held in the Capital Improvement Program (CIP) to cover the costs. The estimated remaining obligation was \$521,962 at June 30, 2016.

### *B. Fire Station No. 1*

ACWD is preparing a recommendation to the State Water Resource Quality Control Board (SWRQCB) to close a leaking underground fuel tank originating from City of Fremont's Fire Station No. 1. If closure is approved, the City will destroy the monitoring wells and dismantle the soil vapor extraction system for an estimated cost of \$50,000. Approval is expected in 2017.

**C. Fire Station No. 2**

ACWD is preparing a recommendation to the SWRQCB for the closure of four existing monitoring wells located at Fire Station No. 2. Funding of \$21,000 has been allocated in the CIP for the estimated cost to close the wells. Approval is expected in 2016 and destruction of the wells in 2017.

**D. Former Union Pacific Railroad Corridor**

Under an Operations and Maintenance Plan (the “Plan”), the City is responsible for annual monitoring of the former Union Pacific Railroad (UPRR) corridor located between Paseo Padre Parkway and Washington Boulevard. Under the Plan, the City monitors to ensure the encapsulated contamination has not been exposed and remediates any damage to the cap before any exposure could occur. Except for the staff time required for the annual monitoring, no significant pollution remediation obligation is expected as of June 30, 2016.

**E. Centerville Unified Site**

The City is currently in the process of completing environmental remediation work for the approximately 6-acre site known as the “Centerville Unified Site” with the principal address of 37070 Fremont Boulevard (“property”) that was previously owned by the former Redevelopment Agency (“RDA”) of the City. As a result of a former dry cleaning operation and automobile-related uses on the property, the former RDA retained an environmental consultant, TRC Solutions, Inc., to prepare environmental remediation work plans to: 1) remove an old utility corridor, remnant foundation, and surface oil spill; and 2) remediate subsurface chlorinated solvents—perchloroethylene (“PCE”) in the form of soil vapors—discovered at the property and a neighboring property to the northwest, 37000 Fremont Boulevard (presently Carl’s Jr.), by active remediation with implementation of a soil-vapor extraction system. The first phase of the work (removal of the old utility corridor, remnant foundation, and surface oil spill) was completed in October 2014. The second and last phase of remediation work (removal of subsurface chlorinated solvents) started in May 2016. The estimated remaining obligation is \$1,982,797 as of June 30, 2016.

**7. RISK MANAGEMENT**

The City is exposed to various exposures related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**A. Risk Management Program**

The City established the Risk Management Internal Service Fund to account for and finance its uninsured risks of loss. Under the City’s risk management program, the City retains risk for up to \$500,000 for each workers’ compensation claim, up to \$500,000 and in excess of \$40,000,000 for each general liability claim, and up to \$25,000 for each property claim.

## Notes to Basic Financial Statements

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The liability for general liability claims and workers' compensation claims in excess of \$500,000 is discussed below.

The City records estimated liabilities for claims filed or expected to be filed up to the amounts for which it retains risk in the Risk Management Internal Service Fund. Charges to the General Fund and other funds are based on a percentage of payroll costs for general liability and a three-year moving average cost of claims for workers' compensation. They are recorded in the funds as expenditures or expenses and revenues of the Risk Management Internal Service Fund.

The City retained an independent actuary in 2016 to perform an analysis of the City's potential liability for its retained risk portions of the general liability and workers' compensation programs. The amount recorded as a liability consists of the specific reserves (self-insured retention) for individual known claims or lawsuits and estimates for incurred but not reported claims. The present value of estimated outstanding losses is calculated using a 4.5% discount rate to reflect future investment earnings.

Changes in the balances of claim liabilities (shown as claims payable in the accompanying basic financial statements) during the past two fiscal years ended June 30, 2015 and 2016, are as follows:

	2015	2016
Balance, beginning of year	\$ 18,021,000	\$ 17,576,000
Provision for claims losses	4,314,129	5,106,255
Claims payments	(4,759,129)	(3,499,255)
Balance, end of year	<u>\$ 17,576,000</u>	<u>\$ 19,183,000</u>
Due in one year	\$ 5,630,000	\$ 6,038,000
Due in more than one year	<u>11,946,000</u>	<u>13,145,000</u>
Total claim liabilities	<u>\$ 17,576,000</u>	<u>\$ 19,183,000</u>

### ***B. Participation in Public Entity Risk Pools***

In February 1986, the City joined with other municipalities and regional municipal joint powers authorities to form the California Joint Powers Risk Management Authority (CJPRMA), a public entity risk pool currently operating as a general liability risk management and insurance program for 21 member entities. The purpose of the CJPRMA is to spread the adverse effects of losses among the member agencies. General liability claims in excess of \$500,000 and up to \$40,000,000 per occurrence are covered by the CJPRMA. Five years after settlement of all claims for a program year, CJPRMA retroactively adjusts premium deposits for any excess or deficiency in deposits related to paid claims and reserves.

Summary financial information for CJPRMA for the year ended June 30, 2015 (latest available date), is as follows:

Cash and investments	\$ 88,457,527
Receivables and other current assets	778,948
Capital assets, net	3,310,749
Total assets	<u>\$ 92,547,224</u>
Total liabilities	\$ 49,508,050
Net position	43,039,174
Total liabilities and net position	<u>\$ 92,547,224</u>
Operating revenues	\$ 11,977,453
Loss provisions and premiums paid	(12,567,517)
General and administrative expenses	(1,497,941)
Net operating loss	(2,088,005)
Net investment and other income	1,839,793
Net income before refunds to members	(248,212)
Refunds to members	(2,187,192)
Change in net position	<u>\$ (2,435,404)</u>

The CJPRMA refunds excess premium deposits to members from time to time, based on the results of actuarial studies of each program year's claims experience. These refunds include cumulative earnings on program year contributions, but may be reduced by amounts required to fund prior or subsequent year unfavorable claims experience.

The CJPRMA governing board consists of a representative from each member entity. All members have a single vote for policy and charter changes. An executive committee of seven is elected to handle administration. Complete financial statements for the CJPRMA can be obtained from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, CA 94551.

In June 2006, the City joined the CSAC Excess Insurance Authority (CSAC). CSAC membership consists of 55 California counties and 255 organizations (cities, school districts, special districts and other JPAs). Workers' compensation claims in excess of \$500,000 are covered by CSAC through reinsurance up to a limit of \$250,000,000.

## Notes to Basic Financial Statements

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Summary financial information for CSAC for the year ended June 30, 2015 (latest available date), is as follows:

Cash and investments	\$ 134,915,500
Receivables and other current assets	72,861,844
Noncurrent assets	434,584,578
Total assets	<u>\$ 642,361,922</u>
Total liabilities	\$ 529,955,277
Net position	112,406,645
Total liabilities and net position	<u>\$ 642,361,922</u>
Operating revenues	\$ 614,659,751
Loss provisions and premiums paid	(609,944,932)
General and administrative expenses	<u>(9,456,561)</u>
Net operating loss	(4,741,742)
Net investment and other income	6,280,773
Change in net position	<u>\$ 1,539,031</u>

Complete financial statements for CSAC can be obtained from CSAC Excess Insurance Authority, 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

## 8. INTERFUND TRANSACTIONS

### A. Interfund Receivables and Payables

Interfund receivables and payables represent short-term loans owed by the Human Services Fund, Intermodal Surface Transportation Efficiency Act Fund, and non-major governmental funds to the General Fund for purposes of covering short-term negative cash positions. These interfund transactions are routine year-end adjustments. At June 30, 2016, the General Fund was due \$2,378,734 from the Intermodal Surface Transportation Efficiency Act Fund, \$742,811 from the Human Services Fund, and \$849,478 from the non-major governmental funds.

### B. Interfund Transfers

The General Fund transfers resources to other funds to support activities that cannot be supported through fees, grants, or charges for service. These activities include capital projects, debt service, and certain cost center operations. There are also a variety of additional transfers between the General Fund and other funds to cover such items as overhead and vehicle replacement charges.

Interfund transfers for the year ended June 30, 2016, were as follows:

	<u>Transfers Out</u>							<b>Total</b>
	General Fund	Development Impact Fees	Development Cost Center	Recreation Services	Human Services	Low/Moderate Income Housing Asset	Non-Major Funds	
General Fund	\$ -	\$ 850,000	\$ 2,419,500	\$ 1,068,071	\$ 878,500	\$ 55,464	\$ 331,691	\$ 5,603,226
Development Cost Center	3,075,982	-	-	-	-	-	-	3,075,982
Recreation Services	2,246,187	-	-	-	-	-	-	2,246,187
Capital Improvement	11,137,000	-	-	1,140,300	-	-	-	12,277,300
Human Services	4,128,080	-	-	-	-	-	243,404	4,371,484
Non-Major Funds	8,971,555	-	66,840	24,960	443,766	-	13,164	9,520,285
<b>Total</b>	<b>\$ 29,558,804</b>	<b>\$ 850,000</b>	<b>\$ 2,486,340</b>	<b>\$ 2,233,331</b>	<b>\$ 1,322,266</b>	<b>\$ 55,464</b>	<b>\$ 588,259</b>	<b>\$ 37,094,464</b>

## 9. RETIREMENT BENEFITS

### A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s separate City of Fremont Safety (police and fire) and City of Fremont Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers.

Benefits Provided – All regular City employees classified as full-time, as well as part-time regular employees and temporary City workers who work 1,000 or more hours per year, are required to participate in CalPERS. The City’s pension plans provide retirement and disability benefits, annual cost-of-living adjustments (COLA), and death benefits to plan members and beneficiaries through CalPERS. Benefits are based on years of credited service, equal to one year of full time employment, and vest after five years of service. These benefit provisions and all other requirements are established by State statute and City ordinance.

City employees are entitled to an annual retirement benefit, payable monthly for life, the amount of which is based on a formula which varies depending on the employee’s retirement plan, date of hire, and participation in a public retirement plan prior to City employment. As of December 31, 2012, the City had established two tiers of retirement benefits: a “Tier 1” benefit applicable to employees hired prior to April 8, 2012; and a “Tier 2” benefit applicable to employees hired on or after April 8, 2012. On January 1, 2013, the Public Employees’ Pension Reform Act of 2013 (PEPRA) took effect. PEPRA distinguishes between so-called "classic" employees, who were in a public retirement plan (not necessarily PERS) prior to January 1, 2013, and "new" employees, who first became a member of a public retirement plan on or after January 1, 2013. Classic employees hired by

## Notes to Basic Financial Statements

the City on or after April 8, 2012, are eligible for the City's Tier 2 benefit, while new employees are eligible for the retirement benefits established by PEPRA.

A summary of the City's benefit formulas is provided below:

	Tier 1		Tier 2		PEPRA	
	Safety	Misc	Safety	Misc	Safety	Misc
Retirement Age	50	55	55	60	57	62
Benefit Formula	3.0%	2.5%	3.0%	2.0%	2.7%	2.0%
Average Final Compensation Period	12 months	12 months	36 months	36 months	36 months	36 months
Maximum % of Final Compensation	90%	No Max	90%	No Max	90%	No Max
COLA	2.0%	3.0%	2.0%	2.0%	2.0%	2.0%

Covered Employees – At June 30, 2015, the most recent information available, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	744	461
Inactive employees entitled to but not yet receiving benefits	502	97
Active employees	538	312
<b>Total</b>	<b>1,784</b>	<b>870</b>

Contribution Requirements – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both City plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The required Miscellaneous Plan employer contribution rate for fiscal year 2014/15 was 24.081% of covered payroll, resulting in \$10,615,278 being recognized by CalPERS as employer contributions. The required Safety Plan employer contribution rate was 40.711% of covered payroll, resulting in \$15,067,536 being recognized by CalPERS as employer contributions.

Pension Plan Financial Reports – The City's pension plans do not issue stand-alone financial reports; however, CalPERS issues a variety of reports and publications, including its audited financial statements, which are available at the following link:  
<https://www.calpers.ca.gov>.

**B. Net Pension Liability**

The City’s net pension liability for each plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures.

*Assumptions and Other Inputs* – A summary of significant assumptions and other inputs used to measure the total pension liability is shown below.

**Assumptions and Other Inputs Used to Measure the Total Pension Liability**

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation	2.75%
Salary Increases	Varies by entry age and service
Discount Rate/Investment Rate of Return	7.65% net of pension plan investment expenses, includes inflation
Mortality Rate Table	Probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB
Post-Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter
Other Assumptions	All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The experience study report can be obtained at CalPERS’ website under forms and publications.

*Change of Assumptions* – GASB 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expense. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction for administrative expense.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

## Notes to Basic Financial Statements

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1–10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
<b>Total</b>	<b>100.0%</b>		

(a) An expected inflation rate of 2.5% used for this period.

(b) An expected inflation rate of 3.0% used for this period.

*Fiduciary Net Position* – The City's pension plans do not issue stand-alone financial reports, so information about the elements of the pension plans' basic financial statements is not directly available. However, the City's plans constitute a portion of the CalPERS PERF A Pension Trust Fund, for which a Statement of Fiduciary Net Position – Fiduciary Funds is included in the CalPERS Comprehensive Annual Financial Report located at the following link: <https://www.calpers.ca.gov/docs/forms-publications/cafr-2015.pdf>. The accompanying Notes to the Basic Financial Statements disclose information related to the basis of accounting, including the policies with respect to benefit payments and the valuation of pension plan investments.

**C. Changes in the Net Pension Liability**

A schedule of changes in the Net Pension Liability for the period ending June 30, 2015, is presented below for each City pension plan.

<i>Miscellaneous Plan:</i>	Increase (Decrease)		
	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
<b>Balance as of June 30, 2014</b>	<b>\$428,579,868</b>	<b>\$319,896,911</b>	<b>\$108,682,957</b>
<b>Changes during the year</b>			
Service cost	7,507,286	-	7,507,286
Interest on the total pension liability	31,320,840	-	31,320,840
Changes of assumptions	(7,685,566)	-	(7,685,566)
Differences between expected and actual experience	(5,745,910)	-	(5,745,910)
Plan to plan resource movement	-	11,897	(11,897)
Contributions from the employer	-	10,615,278	(10,615,278)
Contributions from employees	-	3,603,542	(3,603,542)
Pension plan net investment income	-	7,088,364	(7,088,364)
Benefit payments, including refunds of employee contributions	(18,958,554)	(18,958,554)	-
Administrative expense	-	(362,448)	362,448
Net changes	6,438,096	1,998,079	4,440,017
<b>Balance as of June 30, 2015</b>	<b>\$435,017,964</b>	<b>\$321,894,990</b>	<b>\$113,122,974</b>

<i>Safety Plan:</i>	Increase (Decrease)		
	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
<b>Balance as of June 30, 2014</b>	<b>\$560,211,231</b>	<b>\$400,281,041</b>	<b>\$159,930,190</b>
<b>Changes during the year</b>			
Service cost	9,445,690	-	9,445,690
Interest on the total pension liability	41,504,625	-	41,504,625
Changes of assumptions	(9,630,020)	-	(9,630,020)
Differences between expected and actual experience	1,432,189	-	1,432,189
Contributions from the employer	-	15,067,536	(15,067,536)
Contributions from employees	-	4,310,000	(4,310,000)
Pension plan net investment income	-	8,918,712	(8,918,712)
Benefit payments, including refunds of employee contributions	(28,384,236)	(28,384,236)	-
Administrative expense	-	(449,882)	449,882
Net changes	14,368,248	(537,870)	14,906,118
<b>Balance as of June 30, 2015</b>	<b>\$574,579,479</b>	<b>\$399,743,171</b>	<b>\$174,836,308</b>

## Notes to Basic Financial Statements

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following table presents the net pension liability of the City for each plan, calculated using the current discount rate for each plan, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher.

	<u>Miscellaneous</u>	<u>Safety</u>
Discount rate 1% lower	6.65%	6.65%
Net Pension Liability	\$171,518,282	\$247,349,533
<b>Current discount rate</b>	<b>7.65%</b>	<b>7.65%</b>
<b>Net Pension Liability</b>	<b>\$113,122,974</b>	<b>\$174,836,308</b>
Discount rate 1% higher	8.65%	8.65%
Net Pension Liability	\$64,879,902	\$114,597,260

*Pension Expense* – For the year ended June 30, 2016, the City recognized pension expense of \$4,602,549 for the Miscellaneous Plan and \$12,575,783 for the Safety Plan; a total expense of \$17,178,332.

*Deferred Outflows of Resources and Deferred Inflows of Resources* – At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 29,859,725	\$ -
Changes of assumptions	-	(11,968,033)
Differences between expected and actual experiences	1,045,111	(3,693,799)
Net difference between projected and actual earnings on pension plan investments	-	(6,413,720)
<b>Total</b>	<b>\$ 30,904,836</b>	<b>\$ (22,075,552)</b>

\$29,859,725 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2017	\$(11,703,959)
2018	(10,744,567)
2019	(6,242,317)
2020	7,660,402
<b>Total</b>	<b><u>\$(21,030,441)</u></b>

**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

*Plan Description and Eligibility* - In addition to providing the retirement benefits described above, the City provides post-employment healthcare benefits, in accordance with bargaining unit agreements, to employees who retire directly from the City under CalPERS at the minimum age of 50 with at least 5 years of CalPERS service or disability. Retirees must make an election within 120 days following the date of separation from City employment to be eligible for the benefits. The number of employees currently eligible to receive the benefit has increased from 712 in the previous year to 741 in the current year. The City reimburses all or part of premium payments for medical insurance. The reimbursement amount is subject to a negotiation process and varies by bargaining unit and retirement date. The benefit is paid monthly to the retiree subject to proof of coverage and attestation of premium payment. The benefit generally ceases upon death of the retiree. The total annual required contribution for June 30, 2016, was \$7,324,000, based on the June 30, 2014 actuarial valuation.

*Funding Policy* - In fiscal year 2015/16, the City began prefunding its OPEB obligations by prepaying the entire annual required contribution (ARC) to a trust administered by CalPERS, (California Employers’ Retiree Benefit Trust (CERBT)). Prior to that, the City funded its OPEB obligations on a pay-as-you-go basis. The City has elected to reimburse itself from the CERBT for the cost of benefits incurred during the year.

*Annual OPEB Cost and Net OPEB Obligation* - The City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation for these benefits:

Annual required contribution	\$ 7,324,000
Interest on net OPEB obligation	2,204,000
Amortization of net OPEB obligation	<u>(2,146,000)</u>
Annual OPEB cost (expense)	7,382,000
Contribution to CERBT	<u>(7,324,000)</u>
Increase in net OPEB obligation	58,000
NET OPEB obligation – beginning of year	<u>30,401,000</u>
NET OPEB obligation – end of year	<u><u>\$ 30,459,000</u></u>

## Notes to Basic Financial Statements

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015/16 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 7,921,000	\$ 2,719,000	34.3%	\$ 25,023,000
2015	8,321,000	2,943,000	35.4%	30,401,000
2016	7,382,000	7,324,000	99.2%	30,459,000

*Funding Status and Funding Progress* - The schedule of funding progress below, determined as part of the June 30, 2014 actuarial valuation (the most recent valuation available), shows the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll.

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2014	\$ -	\$ 70,797,000	\$ 70,797,000	0.0%	\$ 76,166,000	93.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Actuarial Methods and Assumptions* - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014 actuarial valuation that determined both the annual required contribution for fiscal year 2015/16 and the most recent funding status and progress, the entry age normal actuarial cost method was used. The actuarial assumptions include a 7.25% investment rate of return, a 3.0% general rate of inflation, and 3.25% in aggregate payroll increases. Medical trends for Medicare and non-Medicare are assumed to increase from the prior year by 8.3% and 8.0%, respectively, for fiscal year 2014/15 and are graded down to an ultimate rate of 5.0% and 5.0%, respectively, by fiscal year 2020/21. The unfunded actuarial accrued liability (UAAL) is

amortized as a level percentage of projected payroll over a 22-year closed period. There is no assumed post-employment benefit increase.

## ***11. COMMITMENTS AND CONTINGENCIES***

Litigation - The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grant Adjustments - Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Cooperation and Financing Agreements - The City has entered into various cooperation and financing agreements with other public agencies that commit the City to future participation in design and construction of the Mission Interchange and the associated Warren Avenue Grade Separation. During fiscal year 2015/16, the City continued to work under the amended cooperative funding agreement with the Santa Clara Valley Transportation Authority (VTA) for the construction of the Warren Avenue Grade Separation which is funded by state grant funds received from the Highway Railroad Crossing Safety Account (HRCSA) program.

Affordable Housing Funds - At its June 9, 2015 meeting, the City Council authorized the City Manager or his designee to execute loan documents totaling \$11,910,000 to Mid-Pen Housing for the development of the Stevenson Family Apartments, which was subsequently reduced by \$108,000 to reflect a City contribution to pay land acquisition costs. Funding sources include: \$6,673,502 from the Inclusionary Housing In-Lieu fund, \$2,509,679 from the Low and Moderate Income Housing Asset fund, and \$2,726,819 from the City Funded Affordable Housing Fund. On December 1, 2015, the City and Mid-Pen Housing entered into an Acquisition and Predevelopment Loan Agreement in the amount of \$5,007,115, leaving \$6,794,885 of the loan commitment outstanding.

Also, at its June 9, 2015 meeting, the City Council committed all remaining available affordable housing funds plus future affordable housing revenue, up to a total of \$6,970,000, for the Parc 55 Senior Apartments project, to be appropriated for a loan to Eden Housing. At its February 16, 2016 and June 14, 2016 meetings, the City Council committed an additional \$520,000 of HOME funds to the Parc 55 project, for a total commitment of \$7,490,000. Funding sources include: \$4,300,000 from the Inclusionary Housing In-Lieu fund, \$1,000,000 from the Low and Moderate Income Housing Asset fund, \$1,670,000 from the City Funded Affordable Housing Fund, and \$520,000 from the HOME fund.

Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as part of fund balance and do not constitute expenditures or liabilities

## Notes to Basic Financial Statements

because the commitments will be honored during the subsequent year. At June 30, 2016, encumbrances of the governmental funds are as follows:

Fund	Fund Balances			
	Restricted	Committed	Assigned	Total
General Fund	\$ -	\$ -	\$ 644,427	\$ 644,427
Development Impact Fees	6,833,537	-	-	6,833,537
Development Cost Center	188,427	-	-	188,427
Recreation Services	-	12,609	-	12,609
Capital Improvement	-	-	6,139,129	6,139,129
Low and Moderate Income Housing Asset	15,672	-	-	15,672
Non-major governmental funds	1,354,946	-	597,625	1,952,571
Total	\$ 8,392,582	\$ 12,609	\$ 7,381,181	\$ 15,786,372

*Former Successor Agency Property Held for Resale* - In June 2014, two Successor Agency properties were transferred to the City under the terms of the Long Range Property Management Plan (LRPMP). The Centerville Unified Site was sold on October 30, 2015 at its MAI (Member Appraisal Institute) appraised market value of \$6,795,000, less than the previously reported potential estimated value of \$12,913,914. \$4,782,000 of the net proceeds was remitted to the County for distribution to the taxing agencies. \$13,000 of the proceeds was used to pay for closing costs plus reimbursement of “Allowed City Costs” pursuant to the Compensation Agreement by and between the City, Successor Agency and each of the affected taxing entities in Alameda County. \$2,000,000 of the proceeds is being held in an escrow as a contingency as the full cost of environmental remediation is not known until a “no further action” letter is granted by the environmental regulatory oversight agency, the Alameda County Water District. The remaining property, the Union Pacific Site in the Niles district, remains with the City and is reported as \$678,979 land held for resale in the City’s Agency Fund. Upon sale, the proceeds will be remitted to the County for distribution to the taxing agencies.

# Required Supplementary Information

## **1. BUDGETARY INFORMATION**

### **A. Budgetary Basis of Accounting**

Budgets are adopted annually on a budgetary basis consistent with GAAP for the general fund, special revenue funds, debt service funds, and internal service funds. Project-length budgets are adopted biennially for all capital projects funds.

The annual budget sets appropriations by fund or with further allocation by department or program. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The City Manager is authorized to transfer budgeted amounts between departments or programs within any fund. The City Council may adopt supplemental appropriations during the year.

The annual budget resolution authorizes the City Manager to increase appropriations for operating expenditures for the Development Services and Recreation Services cost centers when estimated fee revenue in those funds exceeds the amount identified in the budget because of increased activity. It also authorizes the City Manager to increase appropriations for operating expenditures due to increases in grant or activity-based revenues in an amount not to exceed the increased grant or activity-based revenues. It additionally authorizes the City Manager to appropriate and transfer unencumbered ending fund balance to the Risk Management Fund in the amounts necessary to maintain adequate funding of the workers' compensation and general liability reserves. All other revisions or transfers that alter the total appropriations of other funds must be approved by the City Council.

### **B. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as restricted, committed, assigned or unassigned fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Unexpended annual appropriations lapse at the end of the fiscal year; encumbered appropriations are re-budgeted in the next fiscal year. Unexpended capital improvement appropriations are carried forward until the improvements or programs are complete.

## Required Supplementary Information

### 1. BUDGETARY INFORMATION (continued)

#### C. Budgetary Comparison Schedules

Following are the budgetary comparison schedules for the General Fund and each major special revenue fund with a legally adopted annual budget (Development Cost Center, Recreation Services, Human Services, and Low and Moderate Income Housing Asset Funds).

#### **General Fund – Budgetary Comparison Schedule** **(For the Fiscal Year Ended June 30, 2016)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Fund Balance - Beginning of year*	\$ 33,118,000	\$ 38,360,000	\$ 41,247,695	\$ 2,887,695
Property tax	80,312,000	80,312,000	79,387,844	(924,156)
Sales tax	47,337,000	47,337,000	48,580,024	1,243,024
Intergovernmental	398,000	398,000	564,969	166,969
Business tax	9,888,000	9,888,000	10,125,832	237,832
Other taxes	9,434,000	9,434,000	9,887,434	453,434
Franchises	9,420,000	9,420,000	9,605,547	185,547
Charges for services	9,401,000	9,401,000	9,078,856	(322,144)
Investment earnings	615,000	615,000	1,271,369	656,369
Other	1,937,000	1,937,000	2,831,728	894,728
Transfers in	5,607,000	5,607,000	5,603,226	(3,774)
Total resources	<u>174,349,000</u>	<u>174,349,000</u>	<u>176,936,829</u>	<u>2,587,829</u>
Charges to appropriations (outflows):				
General government	16,701,216	16,453,333	14,534,805	1,918,528
Police services	62,562,094	67,418,600	67,208,825	209,775
Fire services	42,842,775	44,539,918	43,406,101	1,133,817
Capital assets maintenance and operations	20,324,591	21,814,944	21,445,806	369,138
Community development and environmental services	1,309,620	1,417,190	1,327,238	89,952
Capital outlay	-	1,084,778	1,084,778	-
Debt service:				
Interest and fiscal charges	514,549	514,549	491,554	22,995
Transfers out	30,201,950	29,870,723	29,558,804	311,919
Total charges to appropriations	<u>174,456,795</u>	<u>183,114,035</u>	<u>179,057,911</u>	<u>4,056,124</u>
Net change in fund balance	<u>(107,795)</u>	<u>(8,765,035)</u>	<u>(2,121,082)</u>	<u>6,643,953</u>
Fund Balance - End of year*	<u>\$ 33,010,205</u>	<u>\$ 29,594,965</u>	<u>\$ 39,126,613</u>	<u>\$ 9,531,648</u>

\* Actual fund balance includes the value of prepaid assets and the year-end adjustment for unrealized fair value gain or loss on investments.

**1. BUDGETARY INFORMATION (continued)**

**C. Budgetary Comparison Schedules (continued)**

**Development Cost Center Fund – Budgetary Comparison Schedule**  
**(For the Fiscal Year Ended June 30, 2016)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning of year*	\$ 3,403,000	\$ 4,665,064	\$ 4,625,010	\$ (40,054)
Resources (inflows):				
Charges for services	13,763,758	14,652,233	15,914,551	1,262,318
Investment earnings	35,800	41,725	190,483	148,758
Transfers in	2,374,398	3,075,982	3,075,982	-
Total resources	16,173,956	17,769,940	19,181,016	1,411,076
Charges to appropriations (outflows):				
Capital assets maintenance and operations	2,824,034	2,824,034	2,824,034	-
Community development and environmental services	10,963,714	12,861,748	9,367,299	3,494,449
Capital outlay	-	77,752	77,752	-
Transfers out	2,486,340	2,486,340	2,486,340	-
Total charges to appropriations	16,274,088	18,249,874	14,755,425	3,494,449
Resources over (under) charges to appropriations	(100,132)	(479,934)	4,425,591	4,905,525
Fund Balance - End of year*	\$ 3,302,868	\$ 4,185,130	\$ 9,050,601	\$ 4,865,471

\* Actual fund balance includes the year-end adjustment for unrealized fair value gain or loss on investments.

The significant variance in community development and environmental services charges is attributable to vacancies and contract services costs being lower than anticipated.

## Required Supplementary Information

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### 1. BUDGETARY INFORMATION (continued)

#### C. Budgetary Comparison Schedules (continued)

##### **Recreation Services Fund – Budgetary Comparison Schedule** **(For the Fiscal Year Ended June 30, 2016)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning of year*	\$ 6,960,452	\$ 7,331,090	\$ 7,269,011	\$ (62,079)
Resources (inflows):				
Charges for services	7,659,887	7,714,387	8,248,095	533,708
Investment earnings	50,000	50,000	137,431	87,431
Other	131,842	131,842	138,832	6,990
Transfers in	2,235,279	2,246,187	2,246,187	-
Total resources	<u>10,077,008</u>	<u>10,142,416</u>	<u>10,770,545</u>	<u>628,129</u>
Charges to appropriations (outflows):				
Recreation and leisure services	8,596,273	8,628,599	8,318,171	310,428
Transfers out	993,576	2,133,876	2,233,331	(99,455)
Total charges to appropriations	<u>9,589,849</u>	<u>10,762,475</u>	<u>10,551,502</u>	<u>210,973</u>
Resources over (under) charges to appropriations	<u>487,159</u>	<u>(620,059)</u>	<u>219,043</u>	<u>839,102</u>
Fund Balance - End of year*	<u>\$ 7,447,611</u>	<u>\$ 6,711,031</u>	<u>\$ 7,488,054</u>	<u>\$ 777,023</u>

\* Actual fund balance includes the year-end adjustment for unrealized fair value gain or loss on investments.

**1. BUDGETARY INFORMATION (continued)**

**C. Budgetary Comparison Schedules (continued)**

**Human Services Fund – Budgetary Comparison Schedule**  
**(For the Fiscal Year Ended June 30, 2016)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Fund Balance - Beginning of year*	\$ 6,488,000	\$ 7,064,186	\$ 7,037,376	\$ (26,810)
Resources (inflows):				
Intergovernmental	7,385,036	7,407,612	7,129,170	(278,442)
Charges for services	1,820,859	1,820,859	1,674,590	(146,269)
Investment earnings	91,800	91,800	72,648	(19,152)
Other	657,118	657,118	927,207	270,089
Transfers in	4,197,392	4,221,998	4,371,484	149,486
Total resources	<u>14,152,205</u>	<u>14,199,387</u>	<u>14,175,099</u>	<u>(24,288)</u>
Charges to appropriations (outflows):				
Human services	12,115,809	12,368,566	11,219,010	1,149,556
Community development and environmental services	1,477,165	1,821,242	1,246,393	574,849
Interest and fiscal charges	690,566	48,000	47,366	634
Transfers out	977,586	1,620,152	1,322,266	297,886
Total charges to appropriations	<u>15,261,126</u>	<u>15,857,960</u>	<u>13,835,035</u>	<u>2,022,925</u>
Resources over (under) charges to appropriations	<u>(1,108,921)</u>	<u>(1,658,573)</u>	<u>340,064</u>	<u>1,998,637</u>
Fund Balance - End of year*	<u>\$ 5,379,079</u>	<u>\$ 5,405,613</u>	<u>\$ 7,377,440</u>	<u>\$ 1,971,827</u>

\* Actual fund balance includes the year-end adjustment for unrealized fair value gain or loss on investments.

The significant variance in human services and community development and environmental services charges are attributable to vacancies and contract services costs being lower than anticipated.

## Required Supplementary Information

### 1. BUDGETARY INFORMATION (continued)

#### C. Budgetary Comparison Schedules (continued)

##### Low and Moderate Income Housing Asset Fund (For the Fiscal Year Ended June 30, 2016)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning of year*	\$ 2,891,969	\$ 3,473,625	\$ 3,442,211	\$ (31,414)
Resources (inflows):				
Investment earnings	95,000	95,000	77,159	(17,841)
Other	1,200,000	1,200,000	1,650,296	450,296
Total resources	1,295,000	1,295,000	1,727,455	432,455
Charges to appropriations (outflows):				
Community development and environmental services	530,880	475,049	399,454	75,595
Transfers out	55,469	55,469	55,464	5
Total charges to appropriations	586,349	530,518	454,918	75,600
Resources over (under) charges to appropriations	708,651	764,482	1,272,537	508,055
Fund Balance - End of year*	\$ 3,600,620	\$ 4,238,107	\$ 4,714,748	\$ 476,641

\* Actual fund balance includes the year-end adjustment for unrealized fair value gain or loss on investments.

**2. MODIFIED APPROACH FOR THE CITY'S INFRASTRUCTURE**

The City has elected to use the modified approach to accounting for infrastructure assets, as defined by GASB Statement No. 34, for its street network. The street network is composed of all City streets, and includes all physical features associated with the operation of motorized vehicles that exist within the limits of the City rights of way. The City street network is constructed primarily of asphalt pavement. Further, based on land use, access and traffic utilization, the street network is subdivided into the following three classifications: arterial/major, collector, and residential/local.

In conjunction with the Metropolitan Transportation Commission, the City maintains a Pavement Management System (PMS) database that contains all of the pavement information for the street network. The PMS contains a complete inventory of all street segments including the length, width, area, classification, maintenance and rehabilitation history and the records of all inspections of the pavement condition. Also, the PMS contains the inspection based Pavement Condition Index (PCI) for each street segment and has the functionality to compute the overall City area-weighted PCI.

**A. Condition Assessment Data**

Pursuant to GASB Statement No. 34, a government that wishes to use the modified approach must assess the condition of the network for which that approach is used at least once every three years. Consequently, the City hires external consultants to conduct condition assessments every two to three years for arterial and collector streets, and every five years for residential streets. In 2015, the entire City street network of arterial, collector and residential streets was inspected and assessed.

For the pavement condition assessment, the street segment is inspected and the physical condition is recorded based on a system of sampling and measuring 17 defined pavement distress types. The PCI, a nationally recognized index, is calculated based on the inspection data. The PCI is expressed as a rating from 0 to 100, where 0 is the least acceptable condition and 100 is the rating for a street in excellent condition or a new street. The following condition categories with their corresponding PCI rating ranges are defined:

Condition	PCI Rating
Excellent	86-100
Good	70-85
Fair	50-69
Poor	25-49
Very Poor	<25

**2. MODIFIED APPROACH FOR THE CITY'S INFRASTRUCTURE (continued)**

**A. Condition Assessment Data (continued)**

The PCI for each street segment is entered into the database at the time of the latest periodic inspection. Between the inspections, the PMS computes “real time” PCI values based on standardized deterioration curves for pavement materials.

Through June 30, 2016, the City’s policy was to maintain an average PCI rating of 50 for the entire street network. This rating means that more pavement distresses ranging from surface defects such as cracking and raveling to more serious load related distresses, such as “alligator” cracking and rutting will become noticeable to drivers traveling at the posted speeds. As of June 30, 2016, the City’s overall street network was rated at a computed PCI index of 72, with the detail condition as follows:

Condition	PCI Rating	% of Street Pavement Area			
		6/30/13	6/30/14	6/30/15	6/30/16
Good to Excellent	70-100	53	58	64	66
Fair	50-69	16	18	18	18
Poor to Very Poor	0-49	31	24	18	16

In the table above, it can be seen that in fiscal year 2015/16, approximately 66% of the City’s streets were rated above PCI 70, the lower limit for streets in good condition. This is a 2% increase from fiscal year 2014/15 when the percentage of streets rated above 70 was 64%. The reason for the increase is an expanded pavement preservation program that maintains more area of streets in good condition to keep them in the good category. Also, the program included bringing streets that were in a lower condition category back into a higher condition category.

**B. Estimated Maintenance and Preservation Costs**

In addition to performing periodic condition assessments, governments that use the modified approach must also estimate at the start of each reporting period the amount of spending needed that period to maintain and preserve infrastructure at the government’s selected condition level.

**2. MODIFIED APPROACH FOR THE CITY'S INFRASTRUCTURE (continued)**

**B. Estimated Maintenance and Preservation Costs (continued)**

The table below compares estimated annual amounts required to maintain the City street network at the prior-year-ending PCI level with the actual expenditures for street maintenance and actual PCI levels computed at the close of the fiscal year:

Fiscal Year	Maintenance Estimate	Actual Expenditure	Computed Overall City PCI Rating (Condition Assessments)
2011/12	\$14,800,000	\$7,403,000	62
2012/13	\$14,800,000	\$6,121,000	62
2013/14	\$19,140,000	\$9,823,000	66
2014/15	\$19,140,000	\$11,392,340	68
2015/16	\$19,000,000	\$4,504,282	72

The actual expenditures over the years have remained below the estimated levels, but the overall City PCI has remained relatively stable with some recent improvement. Under the City's expanded pavement preservation program, the majority of street areas were treated using a combination of base repairs and surface treatments such as cape seals and slurry seals. This approach is more economical than a pavement rehabilitation program such as overlays, enabling the available funds to cover a larger pavement area.

## Required Supplementary Information

### 3. SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

#### A. Miscellaneous Plan

	FY 2015/16	FY 2014/15
<b>Total Pension Liability</b>		
Service Cost	\$ 7,507,286	\$ 7,924,529
Interest on the Total Pension Liability	31,320,840	30,270,566
Changes of Assumptions	(7,685,566)	-
Difference between Expected and Actual Experience	(5,745,910)	-
Benefit Payments, including Refunds of Employee Contributions	(18,958,554)	(18,521,044)
<b>Net Change in Total Pension Liability</b>	<u>6,438,096</u>	<u>19,674,051</u>
<b>Total Pension Liability - Beginning</b>	<u>428,579,868</u>	<u>408,905,817</u>
<b>Total Pension Liability - Ending (a)</b>	<u><b>\$ 435,017,964</b></u>	<u><b>\$ 428,579,868</b></u>
Valuation Date of Total Pension Liability	6/30/2014	6/30/2013
<b>Plan Fiduciary Net Position</b>		
Contributions from the Employer	\$ 10,615,278	\$ 10,225,328
Contributions from Employees	3,603,542	3,714,276
Net Investment Income (net of administrative expenses)	7,088,364	47,792,502
Benefit Payments, including Refunds of Employee Contributions	(18,958,554)	(18,521,044)
Plan to Plan Resource Movement	11,897	-
Administrative Expense	(362,448)	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>1,998,079</u>	<u>43,211,062</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>319,896,911</u>	<u>276,685,849</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><b>\$ 321,894,990</b></u>	<u><b>\$ 319,896,911</b></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>74.00%</b>	<b>74.64%</b>
<b>Plan Net Pension Liability - Beginning</b>	\$ 108,682,957	\$ 132,219,968
<b>Plan Net Pension Liability - Ending (a) - (b)</b>	<u><b>\$ 113,122,974</b></u>	<u><b>\$ 108,682,957</b></u>
Measurement Date of Net Pension Liability	6/30/2015	6/30/2014
Covered Payroll	\$ 45,076,041	\$ 42,454,728
<b>Plan Net Pension Liability as a Percentage of Covered Payroll</b>	<b>250.96%</b>	<b>256.00%</b>

The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only two years of information are shown.

**3. SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (continued)**

**B. Safety Plan**

	FY 2015/16	FY 2014/15
<b>Total Pension Liability</b>		
Service Cost	\$ 9,445,690	\$ 9,428,558
Interest on the Total Pension Liability	41,504,625	39,695,994
Changes of Assumptions	(9,630,020)	-
Difference between Expected and Actual Experience	1,432,189	-
Benefit Payments, including Refunds of Employee Contributions	(28,384,236)	(26,957,919)
<b>Net Change in Total Pension Liability</b>	14,368,248	22,166,633
<b>Total Pension Liability - Beginning</b>	560,211,231	538,044,598
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 574,579,479</b>	<b>\$ 560,211,231</b>
Valuation Date of Total Pension Liability	6/30/2014	6/30/2013
<b>Plan Fiduciary Net Position</b>		
Contributions from the Employer	\$ 15,067,536	\$ 13,719,650
Contributions from Employees	4,310,000	3,757,435
Net Investment Income (net of administrative expenses)	8,918,712	60,180,612
Benefit Payments, including Refunds of Employee Contributions	(28,384,236)	(26,957,919)
Administrative Expense	(449,882)	-
<b>Net Change in Plan Fiduciary Net Position</b>	(537,870)	50,699,778
<b>Plan Fiduciary Net Position - Beginning</b>	400,281,041	349,581,263
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 399,743,171</b>	<b>\$ 400,281,041</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>69.57%</b>	<b>71.45%</b>
<b>Plan Net Pension Liability - Beginning</b>	\$ 159,930,190	\$ 188,463,335
<b>Plan Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 174,836,308</b>	<b>\$ 159,930,190</b>
Measurement Date of Net Pension Liability	6/30/2015	6/30/2014
Covered Payroll	\$ 38,266,915	\$ 35,546,231
<b>Plan Net Pension Liability as a Percentage of Covered Payroll</b>	<b>456.89%</b>	<b>449.92%</b>

The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only two years of information are shown.

## Required Supplementary Information

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### 4. SCHEDULE OF CONTRIBUTIONS

#### A. Miscellaneous Plan

	FY 2015/16	FY 2014/15	FY 2013/14
Actuarially Determined Contribution	\$ 12,301,280	\$ 10,615,278	\$10,225,328
Contributions in Relation to the Actuarially Determined Contribution	(12,301,280)	(10,615,278)	(10,225,328)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 46,428,322	\$ 45,076,041	\$42,454,728
Contributions as a Percentage of Covered Payroll	26.50%	23.55%	24.09%

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only three years of information are shown.

#### Methods and Assumptions Used in Calculating the Actuarially Determined Contribution for FY 2015/16

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Valuation Date	June 30, 2013
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Asset Valuation Method	Market value
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Payroll Growth	3.00%
Discount Rate/Investment Rate of Return	7.50% net of pension plan investment and administrative expenses; includes inflation
Retirement Age	Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality Rate Table	Probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries

**4. SCHEDULE OF CONTRIBUTIONS (continued)**

**B. Safety Plan**

	FY 2015/16	FY 2014/15	FY 2013/14
Actuarially Determined Contribution	\$ 17,558,445	\$ 15,067,536	\$13,719,650
Contributions in Relation to the Actuarially Determined Contribution	(17,558,445)	(15,067,536)	(13,719,650)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 39,414,922	\$ 38,266,915	\$35,546,231
Contributions as a Percentage of Covered Payroll	44.55%	39.37%	38.60%

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only three years of information are shown.

**Methods and Assumptions Used in Calculating the Actuarially Determined Contribution for FY 2015/16**

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Asset Valuation Method	Market value
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Payroll Growth	3.00%
Discount Rate/ Investment Rate of Return	7.50% net of pension plan investment and administrative expenses; includes inflation
Retirement Age	Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality Rate Table	Probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries

**5. SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2010	\$ -	\$ 67,049,000	\$ 67,049,000	0.0%	\$ 74,073,000	90.5%
6/30/2012	-	79,329,000	79,329,000	0.0%	69,885,000	113.5%
6/30/2014	-	70,797,000	70,797,000	0.0%	76,166,000	93.0%

**Non-Major Governmental Funds**

## Special Revenue Funds

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### *Special Revenue Funds*

Special Revenue Funds are used to account for City revenues from sources that, by law or administrative action, are designated to finance particular functions or activities of government. The individual special revenue funds are as follows:

***HOME Grant*** – This fund accounts for monies received under the HOME Investment Partnership Act. HOME funds can be used to acquire, rehabilitate, finance, and construct affordable housing and provide tenant-based rental assistance.

***Integrated Waste Management*** – This fund accounts for monies received by the City to comply with the provisions of AB939 for the purpose of addressing recycling, household hazardous waste and solid waste management issues. These revenues may only be spent for integrated waste management and waste reduction programs.

***Urban Runoff*** – The Clean Water Fee special assessment funds the Urban Runoff Clean Water Program. This program is based on the Stormwater Management Plan of the Alameda Countywide Clean Water Program. The plan is required for and a part of the National Pollutant Discharge Elimination System permit. Included in the plan are tasks for municipalities to carry out, including public information, municipal maintenance activities, new development requirements, illicit discharge elimination, industrial discharge identification and control, monitoring and special studies.

***Traffic Safety OTS*** – This fund accounts for monies received from the State, to be used to reduce alcohol involved fatalities and injuries, and raise general public awareness regarding the problems associated with drinking and driving.

***Abandoned Vehicle*** – This fund accounts for monies received by the City under California Vehicle Code Sections 9250.7 and 22710 and used for the abatement, removal, and disposal as public nuisances of any abandoned, wrecked, dismantled, or inoperative vehicles from private or public property.

***Narcotics Asset Seizure*** – This fund accounts for assets confiscated by the City and by the Southern Alameda County Major Crimes Task Force (SACMCTF), which consists of police officers from the cities of Fremont, Newark and Union City. These assets may only be used for future narcotics investigations.

***COPS AB3229*** – This fund accounts for State funds distributed by the County for front-line law enforcement services, including anti-gang and community crime prevention programs.

***CUPA Administration*** – The Certified Unified Program Agencies (CUPA) administration fund accounts for the collection of Fire CUPA fines and penalties. Assets are used for hazardous material management.

***Justice Assistance Grant*** – This fund accounts for federal pass-through money and allows states, tribes and local government to support a broad range of activities to prevent and control crime based on local needs and conditions, such as initiatives technical assistance, training personnel, and equipment supplies.

***City Funded Affordable Housing Fund*** – This fund accounts for the City’s funding for the City general fund allocations for affordable housing, monitoring payments, and other miscellaneous revenues.

***Inclusionary Housing In Lieu*** – This fund accounts for payments received from developers. The Inclusionary Housing Program requires a minimum amount of affordable housing to be created in conjunction with market rate residential development.

***Metropolitan Medical Response System (MMRS)*** – This fund accounts for federal grants to fund the purchase of anti-terrorism equipment, medications, and training and exercise for terrorism responses.

***Miscellaneous Federal Grants*** – This fund accounts for federal monies received from various individual federal grants that are subject to the Single Audit.

***Miscellaneous State Support*** – This fund accounts for one-time miscellaneous funds received from State agencies.

***State Gas Tax*** – This fund accounts for monies apportioned to the City from State-collected gasoline taxes. The annual allocation may be spent for street maintenance or construction. Funds are apportioned by the State on the basis of population.

***Maintenance District*** – This fund accounts for lighting and landscape maintenance activities in new subdivisions within the City. These activities are funded by special assessments on property within the benefited area.

## Debt Service Funds, Capital Project Funds

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### ***Debt Service Funds***

Debt Service Funds are used to record the accumulation of resources for, and the payment of, principal, interest and fiscal charges on general long-term debt. The individual debt service funds are as follows:

***Fire General Obligation Bonds*** – This fund accounts for the accumulation of property tax revenue and payment of principal and interest for the City’s general obligation bonds. In November 2002, Fremont voters approved Measure R, which authorized the City to issue \$51 million of general obligation bonds to provide funding to replace three fire stations, build a public safety training center, and make remodeling and seismic improvements to seven existing fire stations. Three bond series totaling \$51 million have been issued. The City is obligated to annually levy ad valorem taxes upon all taxable properties within the City for the payment of the principal and interest for these bonds.

***Fremont Financing Authority*** – This fund accounts for the payment of principal and interest on various certificates of participation. The proceeds of the debt were used to finance construction of capital facilities.

### ***Capital Project Funds***

Capital Project Funds are used to account for the acquisition or construction of major capital facilities and improvements. The specific capital project funds are listed below:

***Transportation Development Act*** – This fund accounts for funds received under the Transportation Development Act (Article 3) to be used for street construction projects.

***Miscellaneous State Grants Capital*** – This fund accounts for one-time miscellaneous funds received from State agencies.

***Interchange Construction*** – This fund accounts for construction of Interstate 880 interchange at Fremont Boulevard, Mission Boulevard, Auto Mall Parkway and Dixon Landing Road.

***Vehicle Replacement*** – This fund accounts for vehicle and accessory acquisitions and dispositions. Funds are transferred from the general fund and other funds for these expenditures.

***Capital Improvement Outside Sources*** – This fund accounts for contributions received from other outside sources that are intended to help fund specific capital projects.

***Measure B, BB & F Grants, Streets, Bikes and Pedestrian*** – These funds account for the portion of monies from Measure B, BB and Measure F to be used to fund transportation-related capital projects. Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related expenditures. In November 2014 voters approved Measure BB which augments and extends the existing Alameda County Measure B half-cent transportation sales tax by a half-cent to April 1, 2045. In November 2010, voters of Alameda County approved Measure F,

the Vehicle Registration Fee (VRF) program. The City receives proceeds from a fee on each annual motor vehicle registration or renewal in Alameda County.

***Traffic System Management*** – This fund receives monies from the Bay Area Quality Management District under AB434. The fund’s expenditures relate to the implementation of the City’s trip reduction ordinance – a State-mandated activity.

***Proposition 1B Highway-Railroad Crossing Safety Account (HRCSA)*** – This fund accounts for monies from Proposition 1B, approved by California voters in November 2006, for grade separation and railroad crossing safety improvements.

## Non-Major Governmental Funds

### City of Fremont Combining Balance Sheet Non-Major Governmental Funds June 30, 2016

(With comparative totals for June 30, 2015)

	Special Revenue Funds	
	HOME Grant	Integrated Waste Management
<b>ASSETS</b>		
Cash and investments held by City	\$ -	\$ 7,390,427
Restricted cash and investments held by fiscal agent or City	-	-
Receivables:		
Property tax	-	-
Due from other governmental agencies	135,973	492,652
Accounts receivable	-	572,047
Other	-	-
Prepaid assets	-	-
<b>Total assets</b>	<b>\$ 135,973</b>	<b>\$ 8,455,126</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 2,842	\$ 271,020
Salaries and wages payable	-	62,411
Due to other funds	129,446	-
<b>Total liabilities</b>	<b>132,288</b>	<b>333,431</b>
<b>Deferred inflows of resources-unavailable revenue</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>		
Nonspendable		
Prepaid assets	-	-
Restricted for:		
Social service programs	3,685	-
Debt service	-	-
Public safety	-	-
Street improvements	-	-
Community development	-	8,121,695
Other purposes	-	-
Committed for:		
Social service programs	-	-
Assigned for:		
Vehicle replacement	-	-
Unassigned	-	-
<b>Total fund balances (deficits)</b>	<b>3,685</b>	<b>8,121,695</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 135,973</b>	<b>\$ 8,455,126</b>

**Non-Major Governmental Funds**

Special Revenue Funds						
Urban Runoff	Traffic Safety OTS	Abandoned Vehicle	Narcotics Asset Seizure	COPS AB3229	CUPA Administration	Justice Assistance Grant
\$ 1,098,985	\$ -	\$ -	\$ 745,713	\$ 432,676	\$ 678,031	\$ 11,629
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,846	-	34,500	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 1,107,831	\$ -	\$ 34,500	\$ 745,713	\$ 432,676	\$ 678,031	\$ 11,629
\$ 84,662	\$ -	\$ -	\$ 5,458	\$ 509	\$ -	\$ 392
27,026	-	-	7,304	-	-	-
-	-	34,500	-	-	-	-
111,688	-	34,500	12,762	509	-	392
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
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## Non-Major Governmental Funds

### City of Fremont Combining Balance Sheet Non-Major Governmental Funds, Continued June 30, 2016 (With comparative totals for June 30, 2015)

	Special Revenue Funds		
	City Funded Affordable Housing Fund	Inclusionary Housing In Lieu	Metropolitan Medical Response System
<b>ASSETS</b>			
Cash and investments held by City	\$ 6,483,838	\$ 14,203,213	\$ 101,754
Restricted cash and investments held by fiscal agent or City	-	-	-
Receivables:			
Property tax	-	-	-
Due from other governmental agencies	-	-	-
Accounts receivable	-	-	-
Other	-	-	-
Prepaid assets	-	-	-
<b>Total assets</b>	<b>\$ 6,483,838</b>	<b>\$ 14,203,213</b>	<b>\$ 101,754</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 31,865	\$ 3,576	\$ 141
Salaries and wages payable	-	-	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>31,865</b>	<b>3,576</b>	<b>141</b>
<b>Deferred inflows of resources-unavailable revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>			
Nonspendable			
Prepaid assets	-	-	-
Restricted for:			
Social service programs	-	-	-
Debt service	-	-	-
Public safety	-	-	101,613
Street improvements	-	-	-
Community development	-	14,199,637	-
Other purposes	-	-	-
Committed for:			
Social service programs	6,451,973	-	-
Assigned for:			
Vehicle replacement	-	-	-
Unassigned	-	-	-
<b>Total fund balances (deficits)</b>	<b>6,451,973</b>	<b>14,199,637</b>	<b>101,613</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 6,483,838</b>	<b>\$ 14,203,213</b>	<b>\$ 101,754</b>

**Non-Major Governmental Funds**

Special Revenue Funds					Total
Miscellaneous Federal Grants	Miscellaneous State Support	State Gas Tax	Maintenance District	Non-major Special Revenue Funds	
\$ -	\$ -	\$ 11,454,231	\$ 510,423	\$ 43,110,920	
-	-	-	-	-	
-	-	-	-	-	
145,220	49,829	25,200	1,040	893,260	
-	-	28,693	-	600,740	
-	42,999	-	-	42,999	
-	-	-	-	-	
<u>\$ 145,220</u>	<u>\$ 92,828</u>	<u>\$ 11,508,124</u>	<u>\$ 511,463</u>	<u>\$ 44,647,919</u>	
\$ 112,317	\$ 7,428	\$ 381,777	\$ 41,995	\$ 943,982	
-	-	-	-	96,741	
8,942	85,400	-	-	258,288	
<u>121,259</u>	<u>92,828</u>	<u>381,777</u>	<u>41,995</u>	<u>1,299,011</u>	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	3,685	
-	-	-	-	-	
-	-	-	-	1,955,999	
-	-	11,126,347	-	11,126,347	
-	-	-	469,468	23,786,943	
23,961	-	-	-	23,961	
-	-	-	-	6,451,973	
-	-	-	-	-	
-	-	-	-	-	
<u>23,961</u>	<u>-</u>	<u>11,126,347</u>	<u>469,468</u>	<u>43,348,908</u>	
<u>\$ 145,220</u>	<u>\$ 92,828</u>	<u>\$ 11,508,124</u>	<u>\$ 511,463</u>	<u>\$ 44,647,919</u>	

(Continued)

## Non-Major Governmental Funds

### City of Fremont Combining Balance Sheet Non-Major Governmental Funds, Continued June 30, 2016 (With comparative totals for June 30, 2015)

	Debt Service Funds		Total Non-major Debt Service Funds
	Fire General Obligation Bonds	Fremont Financing Authority	
<b>ASSETS</b>			
Cash and investments held by City	\$ -	\$ -	\$ -
Restricted cash and investments held by fiscal agent or City	2,558,008	1,803,945	4,361,953
Receivables:			
Property tax	28,968	-	28,968
Due from other governmental agencies	-	-	-
Accounts receivable	-	-	-
Other	-	-	-
Prepaid assets	-	-	-
<b>Total assets</b>	<b>\$ 2,586,976</b>	<b>\$ 1,803,945</b>	<b>\$ 4,390,921</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 525	\$ -	\$ 525
Salaries and wages payable	-	-	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>525</b>	<b>-</b>	<b>525</b>
<b>Deferred inflows of resources-unavailable revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>			
Nonspendable			
Prepaid assets	-	-	-
Restricted for:			
Social service programs	-	-	-
Debt service	2,586,451	1,803,945	4,390,396
Public safety	-	-	-
Street improvements	-	-	-
Community development	-	-	-
Other purposes	-	-	-
Committed for:			
Social service programs	-	-	-
Assigned for:			
Vehicle replacement	-	-	-
Unassigned	-	-	-
<b>Total fund balances (deficits)</b>	<b>2,586,451</b>	<b>1,803,945</b>	<b>4,390,396</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 2,586,976</b>	<b>\$ 1,803,945</b>	<b>\$ 4,390,921</b>

**Non-Major Governmental Funds**

Capital Project Funds					
Transportation Development Act	Miscellaneous State Grants Capital	Interchange Construction	Vehicle Replacement	Capital Improvement - Outside Sources	Measure B, BB & F Grants, Streets, Bike & Pedestrian
\$ -	\$ -	\$ 408,024	\$ 2,467,765	\$ 12,798,604	\$ 3,881,295
-	-	-	-	-	-
-	-	-	-	-	-
191,476	308,175	-	-	380,768	1,317,369
-	-	-	-	-	-
-	-	-	-	111,261	-
-	-	-	97,410	-	-
<u>\$ 191,476</u>	<u>\$ 308,175</u>	<u>\$ 408,024</u>	<u>\$ 2,565,175</u>	<u>\$ 13,290,633</u>	<u>\$ 5,198,664</u>
\$ 15,000	\$ 116,652	\$ -	\$ 112,257	\$ 82,200	\$ 62,498
-	-	-	-	-	-
176,476	191,523	-	-	-	-
<u>191,476</u>	<u>308,175</u>	<u>-</u>	<u>112,257</u>	<u>82,200</u>	<u>62,498</u>
-	42,473	-	-	144,399	-
-	-	-	97,410	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	408,024	-	4,151,904	5,136,166
-	-	-	-	8,912,130	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,355,508	-	-
-	(42,473)	-	-	-	-
<u>-</u>	<u>(42,473)</u>	<u>408,024</u>	<u>2,452,918</u>	<u>13,064,034</u>	<u>5,136,166</u>
<u>\$ 191,476</u>	<u>\$ 308,175</u>	<u>\$ 408,024</u>	<u>\$ 2,565,175</u>	<u>\$ 13,290,633</u>	<u>\$ 5,198,664</u>

(Continued)

## Non-Major Governmental Funds

### City of Fremont Combining Balance Sheet Non-Major Governmental Funds, Continued June 30, 2016 (With comparative totals for June 30, 2015)

	Capital Projects Funds	
	Traffic System Management	Prop 1B HRCSA
<b>ASSETS</b>		
Cash and investments held by City	\$ -	\$ -
Restricted cash and investments held by fiscal agent or City	-	-
Receivables:		
Property tax	-	-
Due from other governmental agencies	6,399	372,983
Accounts receivable	-	-
Other	-	-
Prepaid assets	-	-
<b>Total assets</b>	<b>\$ 6,399</b>	<b>\$ 372,983</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 156,191
Salaries and wages payable	-	-
Due to other funds	6,399	216,792
<b>Total liabilities</b>	<b>6,399</b>	<b>372,983</b>
<b>Deferred inflows of resources-unavailable revenue</b>	-	33,283
<b>Fund Balances (Deficits):</b>		
Nonspendable		
Prepaid assets	-	-
Restricted for:		
Social service programs	-	-
Debt service	-	-
Public safety	-	-
Street improvements	-	-
Community development	-	-
Other purposes	-	-
Committed for:		
Social service programs	-	-
Assigned for:		
Vehicle replacement	-	-
Unassigned	-	(33,283)
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>(33,283)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 6,399</b>	<b>\$ 372,983</b>

## Non-Major Governmental Funds

Total Non-major Capital Projects Funds	Total Non-major Governmental Funds	
	2016	2015
\$ 19,555,688	\$ 62,666,608	\$ 49,373,963
-	4,361,953	4,421,008
-	28,968	39,250
2,577,170	3,470,430	3,728,239
-	600,740	997,142
111,261	154,260	174,776
97,410	97,410	-
<u>\$ 22,341,529</u>	<u>\$ 71,380,369</u>	<u>\$ 58,734,378</u>
544,798	\$ 1,489,305	\$ 3,301,815
-	96,741	77,501
591,190	849,478	937,756
<u>1,135,988</u>	<u>2,435,524</u>	<u>4,317,072</u>
<u>220,155</u>	<u>220,155</u>	<u>467,424</u>
97,410	97,410	-
-	3,685	3,685
-	4,390,396	4,460,258
-	1,955,999	1,012,487
9,696,094	20,822,441	16,882,384
8,912,130	32,699,073	23,562,791
-	23,961	267,364
-	6,451,973	5,193,075
2,355,508	2,355,508	2,708,119
(75,756)	(75,756)	(140,281)
<u>20,985,386</u>	<u>68,724,690</u>	<u>53,949,882</u>
<u>\$ 22,341,529</u>	<u>\$ 71,380,369</u>	<u>\$ 58,734,378</u>

(Concluded)

## Non-Major Governmental Funds

### City of Fremont

#### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Non-Major Governmental Funds

For the fiscal year ended June 30, 2016

(With comparative totals for the fiscal year ended June 30, 2015)

	Special Revenue Funds		
	HOME Grant	Integrated Waste Management	Urban Runoff
<b>REVENUES:</b>			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	144,561	121,188	-
Charges for services	-	7,308,471	1,451,021
Investment earnings	-	-	-
Other	-	-	-
<b>Total revenues</b>	<b>144,561</b>	<b>7,429,659</b>	<b>1,451,021</b>
<b>EXPENDITURES:</b>			
Current:			
Police services	-	-	-
Fire services	-	-	-
Human services	-	-	-
Capital assets maintenance and operations	-	-	3,058
Community development and environmental services	143,313	5,983,116	1,460,816
Capital outlay	-	269,180	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>143,313</b>	<b>6,252,296</b>	<b>1,463,874</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,248</b>	<b>1,177,363</b>	<b>(12,853)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	(1,248)	(191,688)	(79,596)
<b>Total other financing sources (uses)</b>	<b>(1,248)</b>	<b>(191,688)</b>	<b>(79,596)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>985,675</b>	<b>(92,449)</b>
<b>FUND BALANCES (DEFICITS):</b>			
Beginning of year	3,685	7,136,020	1,088,592
End of year	\$ 3,685	\$ 8,121,695	\$ 996,143

**Non-Major Governmental Funds**

Special Revenue Funds					
Traffic Safety OTS	Abandoned Vehicle	Narcotics Asset Seizure	COPS AB3229	CUPA Administration	Justice Assistance Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,918	57,569	325,277	528,638	-	-
-	-	-	-	-	-
-	-	6,251	2,423	-	228
-	-	-	-	704,128	-
5,918	57,569	331,528	531,061	704,128	228
5,918	57,569	214,454	347,108	-	24,518
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	10,584	44,359	26,097	-
-	-	-	-	-	-
-	-	-	-	-	-
5,918	57,569	225,038	391,467	26,097	24,518
-	-	106,490	139,594	678,031	(24,290)
-	-	-	-	-	-
-	-	50,000	-	-	-
-	-	-	-	-	-
-	-	50,000	-	-	-
-	-	156,490	139,594	678,031	(24,290)
-	-	576,461	292,573	-	35,527
\$ -	\$ -	\$ 732,951	\$ 432,167	\$ 678,031	\$ 11,237

(Continued)

## Non-Major Governmental Funds

### City of Fremont

#### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Non-Major Governmental Funds, Continued

For the fiscal year ended June 30, 2016

(With comparative totals for the fiscal year ended June 30, 2015)

	Special Revenue Funds		
	City Funded Affordable Housing Fund	Inclusionary Housing In Lieu	Metropolitan Medical Response System
<b>REVENUES:</b>			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	32,901
Charges for services	-	10,806,020	-
Investment earnings	95,924	-	907
Other	-	-	-
<b>Total revenues</b>	<b>95,924</b>	<b>10,806,020</b>	<b>33,808</b>
<b>EXPENDITURES:</b>			
Current:			
Police services	-	-	-
Fire services	-	-	40,121
Human services	-	-	-
Capital assets maintenance and operations	-	-	-
Community development and environmental services	97,026	4,973,004	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>97,026</b>	<b>4,973,004</b>	<b>40,121</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,102)</b>	<b>5,833,016</b>	<b>(6,313)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of capital assets	-	-	-
Transfers in	1,260,000	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,260,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,258,898</b>	<b>5,833,016</b>	<b>(6,313)</b>
<b>FUND BALANCES (DEFICITS):</b>			
Beginning of year	5,193,075	8,366,621	107,926
End of year	\$ 6,451,973	\$ 14,199,637	\$ 101,613

**Non-Major Governmental Funds**

Special Revenue Funds				
Miscellaneous Federal Grants	Miscellaneous State Support	State Gas Tax	Maintenance District	Total Non-major Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -
263,801	187,621	4,914,934	-	6,582,408
-	-	-	193,943	19,759,455
-	-	106,077	-	211,810
-	-	-	-	704,128
<u>263,801</u>	<u>187,621</u>	<u>5,021,011</u>	<u>193,943</u>	<u>27,257,801</u>
49,212	-	-	-	698,779
145,220	6,250	-	-	191,591
-	169,803	-	-	169,803
-	-	5,316,287	169,194	5,488,539
-	-	-	-	12,657,275
69,369	-	-	-	419,589
-	-	-	-	-
-	-	-	-	-
<u>263,801</u>	<u>176,053</u>	<u>5,316,287</u>	<u>169,194</u>	<u>19,625,576</u>
-	11,568	(295,276)	24,749	7,632,225
-	-	-	-	-
-	-	-	-	1,310,000
<u>(243,403)</u>	<u>(11,568)</u>	<u>-</u>	<u>(16,500)</u>	<u>(544,003)</u>
<u>(243,403)</u>	<u>(11,568)</u>	<u>-</u>	<u>(16,500)</u>	<u>765,997</u>
<u>(243,403)</u>	<u>-</u>	<u>(295,276)</u>	<u>8,249</u>	<u>8,398,222</u>
<u>267,364</u>	<u>-</u>	<u>11,421,623</u>	<u>461,219</u>	<u>34,950,686</u>
<u>\$ 23,961</u>	<u>\$ -</u>	<u>\$ 11,126,347</u>	<u>\$ 469,468</u>	<u>\$ 43,348,908</u>

(Continued)

## Non-Major Governmental Funds

### City of Fremont

#### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Non-Major Governmental Funds, Continued

For the fiscal year ended June 30, 2016

(With comparative totals for the fiscal year ended June 30, 2015)

	Debt Service Funds		Total Non-major Debt Service Funds
	Fire General Obligation Bonds	Fremont Financing Authority	
<b>REVENUES:</b>			
Property tax	\$ 3,097,044	\$ -	\$ 3,097,044
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment earnings	25,857	1,453	27,310
Other	-	-	-
<b>Total revenues</b>	<b>3,122,901</b>	<b>1,453</b>	<b>3,124,354</b>
<b>EXPENDITURES:</b>			
Current:			
Police services	-	-	-
Fire services	-	-	-
Human services	-	-	-
Capital assets maintenance and operations	-	-	-
Community development and environmental services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	1,400,000	4,890,000	6,290,000
Interest and fiscal charges	1,779,512	1,623,249	3,402,761
<b>Total expenditures</b>	<b>3,179,512</b>	<b>6,513,249</b>	<b>9,692,761</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(56,611)</b>	<b>(6,511,796)</b>	<b>(6,568,407)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	6,498,545	6,498,545
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>6,498,545</b>	<b>6,498,545</b>
<b>Net change in fund balances</b>	<b>(56,611)</b>	<b>(13,251)</b>	<b>(69,862)</b>
<b>FUND BALANCES (DEFICITS):</b>			
Beginning of year	2,643,062	1,817,196	4,460,258
End of year	\$ 2,586,451	\$ 1,803,945	\$ 4,390,396

**Non-Major Governmental Funds**

Capital Project Funds					
Transportation Development Act	Miscellaneous State Grants Capital	Interchange Construction	Vehicle Replacement	Capital Improvement - Outside Sources	Measure B, BB & F Grants, Streets, Bike & Pedestrian
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
191,476	636,089	-	-	802,987	6,905,806
-	-	-	-	442,777	-
-	-	8,956	41,463	112,504	37,903
-	-	-	-	4,135,777	-
191,476	636,089	8,956	41,463	5,494,045	6,943,709
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
176,458	436,647	823,117	291,637	768,500	4,851,770
-	-	-	-	-	-
-	116,652	163,124	1,761,497	103,075	-
-	-	-	-	-	-
-	-	-	-	-	-
176,458	553,299	986,241	2,053,134	871,575	4,851,770
15,018	82,790	(977,285)	(2,011,671)	4,622,470	2,091,939
-	-	-	88,986	900,000	-
-	-	-	1,711,740	-	-
-	-	-	(44,256)	-	-
-	-	-	1,756,470	900,000	-
15,018	82,790	(977,285)	(255,201)	5,522,470	2,091,939
(15,018)	(125,263)	1,385,309	2,708,119	7,541,564	3,044,227
\$ -	\$ (42,473)	\$ 408,024	\$ 2,452,918	\$ 13,064,034	\$ 5,136,166

(Continued)

## Non-Major Governmental Funds

### City of Fremont

#### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Non-Major Governmental Funds, Continued

For the fiscal year ended June 30, 2016

(With comparative totals for the fiscal year ended June 30, 2015)

	Capital Project Funds	
	Traffic System Management	Prop 1B HRCSA
<b>REVENUES:</b>		
Property tax	\$ -	\$ -
Intergovernmental	28,473	992,625
Charges for services	-	-
Investment earnings	-	-
Other	-	-
<b>Total revenues</b>	<b>28,473</b>	<b>992,625</b>
<b>EXPENDITURES:</b>		
Current:		
Police services	-	-
Fire services	-	-
Human services	-	-
Capital assets maintenance and operations	28,473	456,796
Community development and environmental services	-	-
Capital outlay	-	569,112
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
<b>Total expenditures</b>	<b>28,473</b>	<b>1,025,908</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(33,283)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Proceeds from sale of capital assets	-	-
Transfers in	-	-
Transfers out	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(33,283)</b>
<b>FUND BALANCES (DEFICITS):</b>		
Beginning of year	-	-
End of year	\$ -	\$ (33,283)

## Non-Major Governmental Funds

Total Non-major Capital Projects Funds	Total Non-major Governmental Funds	
	2016	2015
\$ -	\$ 3,097,044	\$ 4,583,885
9,557,456	16,139,864	14,684,708
442,777	20,202,232	15,609,122
200,826	439,946	201,654
4,135,777	4,839,905	4,172,166
<u>14,336,836</u>	<u>44,718,991</u>	<u>39,251,535</u>
-	698,779	855,119
-	191,591	60,459
-	169,803	386,167
7,833,398	13,321,937	14,576,512
-	12,657,275	7,340,946
2,713,460	3,133,049	3,976,151
-	6,290,000	6,105,000
-	3,402,761	3,462,639
<u>10,546,858</u>	<u>39,865,195</u>	<u>36,762,993</u>
<u>3,789,978</u>	<u>4,853,796</u>	<u>2,488,542</u>
988,986	988,986	78,059
1,711,740	9,520,285	9,136,698
(44,256)	(588,259)	(6,810,596)
<u>2,656,470</u>	<u>9,921,012</u>	<u>2,404,161</u>
<u>6,446,448</u>	<u>14,774,808</u>	<u>4,892,703</u>
<u>14,538,938</u>	<u>53,949,882</u>	<u>49,057,179</u>
<u>\$ 20,985,386</u>	<u>\$ 68,724,690</u>	<u>\$ 53,949,882</u>
		(Concluded)

## Special Revenue and Debt Service Funds

### City of Fremont Budgetary Comparison Schedule Special Revenue and Debt Service Funds For the fiscal year ended June 30, 2016

	Special Revenue Funds					
	HOME Grant			Integrated Waste Management		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	795,992	144,561	(651,431)	90,000	121,188	31,188
Charges for services	-	-	-	6,802,751	7,308,471	505,720
Investment earnings	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>795,992</b>	<b>144,561</b>	<b>(651,431)</b>	<b>6,892,751</b>	<b>7,429,659</b>	<b>536,908</b>
<b>EXPENDITURES:</b>						
Current:						
Police services	-	-	-	-	-	-
Fire services	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	-	-	-	-	-	-
Community development and environmental services	794,744	143,313	651,431	6,428,356	5,983,116	445,240
Capital outlay	-	-	-	-	269,180	(269,180)
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>794,744</b>	<b>143,313</b>	<b>651,431</b>	<b>6,428,356</b>	<b>6,252,296</b>	<b>176,060</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,248</b>	<b>1,248</b>	<b>-</b>	<b>464,395</b>	<b>1,177,363</b>	<b>712,968</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(1,248)	(1,248)	-	(191,688)	(191,688)	-
<b>Total other financing sources (uses)</b>	<b>(1,248)</b>	<b>(1,248)</b>	<b>-</b>	<b>(191,688)</b>	<b>(191,688)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 272,707</b>	<b>985,675</b>	<b>\$ 712,968</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year		3,685			7,136,020	
End of year		<u>\$ 3,685</u>			<u>\$ 8,121,695</u>	

## Special Revenue and Debt Service Funds

Special Revenue Funds								
Urban Runoff			Traffic Safety OTS			Abandoned Vehicle		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	6,500	5,918	(582)	167,000	57,569	(109,431)
1,433,500	1,451,021	17,521	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,433,500</u>	<u>1,451,021</u>	<u>17,521</u>	<u>6,500</u>	<u>5,918</u>	<u>(582)</u>	<u>167,000</u>	<u>57,569</u>	<u>(109,431)</u>
-	-	-	6,500	5,918	582	167,000	57,569	109,431
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,058	3,058	-	-	-	-	-	-	-
1,564,380	1,460,816	103,564	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,567,438</u>	<u>1,463,874</u>	<u>103,564</u>	<u>6,500</u>	<u>5,918</u>	<u>582</u>	<u>167,000</u>	<u>57,569</u>	<u>109,431</u>
<u>(133,938)</u>	<u>(12,853)</u>	<u>121,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
(79,596)	(79,596)	-	-	-	-	-	-	-
(79,596)	(79,596)	-	-	-	-	-	-	-
<u>\$ (213,534)</u>	<u>(92,449)</u>	<u>\$ 121,085</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
	<u>1,088,592</u>			<u>-</u>			<u>-</u>	
	<u>\$ 996,143</u>			<u>\$ -</u>			<u>\$ -</u>	

(Continued)

## Special Revenue and Debt Service Funds

### City of Fremont Budgetary Comparison Schedule Special Revenue and Debt Service Funds For the fiscal year ended June 30, 2016

	Special Revenue Fund					
	Narcotics Asset Seizure			COPS AB3229		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	344,710	325,277	(19,433)	355,000	528,638	173,638
Charges for services	-	-	-	-	-	-
Investment earnings	-	6,251	6,251	-	2,423	2,423
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>344,710</b>	<b>331,528</b>	<b>(13,182)</b>	<b>355,000</b>	<b>531,061</b>	<b>176,061</b>
<b>EXPENDITURES:</b>						
Current:						
Police services	286,340	214,454	71,886	353,698	347,108	6,590
Fire services	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	-	-	-	-	-	-
Community development and environmental services	-	-	-	-	-	-
Capital outlay	-	10,584	(10,584)	-	44,359	(44,359)
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>286,340</b>	<b>225,038</b>	<b>61,302</b>	<b>353,698</b>	<b>391,467</b>	<b>(37,769)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>58,370</b>	<b>106,490</b>	<b>48,120</b>	<b>1,302</b>	<b>139,594</b>	<b>138,292</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	50,000	50,000	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 108,370</b>	<b>156,490</b>	<b>\$ 48,120</b>	<b>\$ 1,302</b>	<b>139,594</b>	<b>\$ 138,292</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year		576,461			292,573	
End of year		\$ 732,951			\$ 432,167	

## Special Revenue and Debt Service Funds

Special Revenue Fund								
CUPA Administration			Justice Assistance Grant			City Funded Affordable Housing		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	30,000	-	(30,000)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	228	228	18,000	95,924	77,924
-	704,128	704,128	-	-	-	-	-	-
-	704,128	704,128	30,000	228	(29,772)	18,000	95,924	77,924
-	-	-	30,568	24,518	6,050	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	160,500	97,026	63,474
-	26,097	(26,097)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	26,097	(26,097)	30,568	24,518	6,050	160,500	97,026	63,474
-	678,031	678,031	(568)	(24,290)	(23,722)	(142,500)	(1,102)	141,398
-	-	-	-	-	-	1,260,000	1,260,000	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,260,000	1,260,000	-
<u>\$ -</u>	<u>678,031</u>	<u>\$ 678,031</u>	<u>\$ (568)</u>	<u>(24,290)</u>	<u>\$ (23,722)</u>	<u>\$ 1,117,500</u>	<u>1,258,898</u>	<u>\$ 141,398</u>
	<u>-</u>			<u>35,527</u>		<u>5,193,075</u>		
	<u>\$ 678,031</u>			<u>\$ 11,237</u>		<u>\$ 6,451,973</u>		

(Continued)

## Special Revenue and Debt Service Funds

### City of Fremont Budgetary Comparison Schedule Special Revenue and Debt Service Funds For the fiscal year ended June 30, 2016

	Special Revenue Funds					
	Inclusionary Housing In Lieu			Metropolitan Medical Response System		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	60,000	32,901	(27,099)
Charges for services	1,500,000	10,806,020	9,306,020	-	-	-
Investment earnings	-	-	-	-	907	907
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>1,500,000</b>	<b>10,806,020</b>	<b>9,306,020</b>	<b>60,000</b>	<b>33,808</b>	<b>(26,192)</b>
<b>EXPENDITURES:</b>						
Current:						
Police services	-	-	-	-	-	-
Fire services	-	-	-	129,526	40,121	89,405
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	-	-	-	-	-	-
Community development and environmental services	5,088,400	4,973,004	115,396	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>5,088,400</b>	<b>4,973,004</b>	<b>115,396</b>	<b>129,526</b>	<b>40,121</b>	<b>89,405</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,588,400)</b>	<b>5,833,016</b>	<b>9,421,416</b>	<b>(69,526)</b>	<b>(6,313)</b>	<b>63,213</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (3,588,400)</b>	<b>5,833,016</b>	<b>\$ 9,421,416</b>	<b>\$ (69,526)</b>	<b>(6,313)</b>	<b>\$ 63,213</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year		8,366,621			107,926	
End of year		<u>\$ 14,199,637</u>			<u>\$ 101,613</u>	

## Special Revenue and Debt Service Funds

Special Revenue Fund								
Miscellaneous Federal Grants			Miscellaneous State Grants			State Gas Tax		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
207,448	263,801	56,353	208,371	187,621	(20,750)	4,914,934	4,914,934	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	106,077	106,077	-
-	-	-	-	-	-	-	-	-
<u>207,448</u>	<u>263,801</u>	<u>56,353</u>	<u>208,371</u>	<u>187,621</u>	<u>(20,750)</u>	<u>5,021,011</u>	<u>5,021,011</u>	<u>-</u>
55,000	49,212	5,788	-	-	-	-	-	-
152,448	145,220	7,228	27,000	6,250	20,750	-	-	-
-	-	-	169,803	169,803	-	-	-	-
-	-	-	-	-	-	5,316,287	5,316,287	-
-	-	-	-	-	-	-	-	-
-	69,369	(69,369)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>207,448</u>	<u>263,801</u>	<u>(56,353)</u>	<u>196,803</u>	<u>176,053</u>	<u>20,750</u>	<u>5,316,287</u>	<u>5,316,287</u>	<u>-</u>
-	-	-	11,568	11,568	-	(295,276)	(295,276)	-
-	-	-	-	-	-	-	-	-
(18,671)	(243,403)	(224,732)	(11,568)	(11,568)	-	-	-	-
<u>(18,671)</u>	<u>(243,403)</u>	<u>(224,732)</u>	<u>(11,568)</u>	<u>(11,568)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (18,671)</u>	<u>(243,403)</u>	<u>\$ (224,732)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (295,276)</u>	<u>(295,276)</u>	<u>\$ -</u>
	<u>267,364</u>			<u>-</u>			<u>11,421,623</u>	
	<u>\$ 23,961</u>			<u>\$ -</u>			<u>\$ 11,126,347</u>	

(Continued)

## Special Revenue and Debt Service Funds

### City of Fremont Budgetary Comparison Schedule Special Revenue and Debt Service Funds For the fiscal year ended June 30, 2016

	Special Revenue Funds			Debt Service Funds		
	Maintenance District			Fire General Obligation Bonds		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>						
Property tax	\$ -	\$ -	\$ -	\$ 3,097,044	\$ 3,097,044	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	193,943	193,943	-	-	-	-
Investment earnings	-	-	-	-	25,857	25,857
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>193,943</b>	<b>193,943</b>	<b>-</b>	<b>3,097,044</b>	<b>3,122,901</b>	<b>25,857</b>
<b>EXPENDITURES:</b>						
Current:						
Police services	-	-	-	-	-	-
Fire services	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	169,194	169,194	-	-	-	-
Community development and environmental services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	1,400,000	1,400,000	-
Interest and fiscal charges	-	-	-	1,779,512	1,779,512	-
<b>Total expenditures</b>	<b>169,194</b>	<b>169,194</b>	<b>-</b>	<b>3,179,512</b>	<b>3,179,512</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>24,749</b>	<b>24,749</b>	<b>-</b>	<b>(82,468)</b>	<b>(56,611)</b>	<b>25,857</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(16,500)	(16,500)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(16,500)</b>	<b>(16,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 8,249</b>	<b>8,249</b>	<b>\$ -</b>	<b>\$ (82,468)</b>	<b>(56,611)</b>	<b>\$ 25,857</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year		461,219			2,643,062	
End of year		<b>\$ 469,468</b>			<b>\$ 2,586,451</b>	

## Special Revenue and Debt Service Funds

### Debt Service Funds

#### Fremont Financing Authority

Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	1,453	1,453
-	-	-
-	1,453	1,453
-	-	-
-	-	-
-	-	-
-	-	-
4,890,000	4,890,000	-
2,654,855	1,623,249	1,031,606
7,544,855	6,513,249	1,031,606
(7,544,855)	(6,511,796)	1,033,059
7,544,855	6,498,545	(1,046,310)
-	-	-
7,544,855	6,498,545	(1,046,310)
<u>\$ -</u>	<u>(13,251)</u>	<u>\$ (13,251)</u>
	<u>1,817,196</u>	
	<u>\$ 1,803,945</u>	

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# Internal Service Funds

## Internal Service Funds

### City of Fremont Combining Statement of Net Position Internal Service Funds June 30, 2016

(With comparative totals for June 30, 2015)

	Risk Management	Information Technology	Fire Capital Equipment Replacement	Totals	
				2016	2015
<b>ASSETS</b>					
Current assets:					
Cash and investments held by City	\$ 20,428,719	\$ 4,718,599	\$ 1,083,681	\$ 26,230,999	\$ 23,617,827
Other receivables	-	84,018	-	84,018	116,024
Prepaid assets	-	24,669	192,627	217,296	-
Total current assets	<u>20,428,719</u>	<u>4,827,286</u>	<u>1,276,308</u>	<u>26,532,313</u>	<u>23,733,851</u>
Noncurrent assets:					
Depreciable assets	19,000	8,787,385	-	8,806,385	9,060,585
Less accumulated depreciation	-	(6,251,587)	-	(6,251,587)	(6,420,842)
Total noncurrent assets	<u>19,000</u>	<u>2,535,798</u>	<u>-</u>	<u>2,554,798</u>	<u>2,639,743</u>
<b>Total assets</b>	<u>20,447,719</u>	<u>7,363,084</u>	<u>1,276,308</u>	<u>29,087,111</u>	<u>26,373,594</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources related to pensions	<u>89,057</u>	<u>605,393</u>	<u>-</u>	<u>694,450</u>	<u>573,309</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	7,351	147,381	-	154,732	643,253
Salaries and wages payable	91,716	148,461	-	240,177	172,970
Claims payable	6,038,000	-	-	6,038,000	5,630,000
Total current liabilities	<u>6,137,067</u>	<u>295,842</u>	<u>-</u>	<u>6,432,909</u>	<u>6,446,223</u>
Noncurrent liabilities:					
Claims payable	13,145,000	-	-	13,145,000	11,946,000
Net pension liability	854,299	5,291,197	-	6,145,496	5,868,881
Total noncurrent liabilities	<u>13,999,299</u>	<u>5,291,197</u>	<u>-</u>	<u>19,290,496</u>	<u>17,814,881</u>
<b>Total liabilities</b>	<u>20,136,366</u>	<u>5,587,039</u>	<u>-</u>	<u>25,723,405</u>	<u>24,261,104</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources related to pensions	<u>90,858</u>	<u>502,296</u>	<u>-</u>	<u>593,154</u>	<u>1,183,336</u>
<b>NET POSITION</b>					
Net investment in capital assets	19,000	2,535,798	-	2,554,798	2,639,743
Unrestricted	<u>290,552</u>	<u>(656,656)</u>	<u>1,276,308</u>	<u>910,204</u>	<u>(1,137,280)</u>
<b>Total net position</b>	<u>\$ 309,552</u>	<u>\$ 1,879,142</u>	<u>\$ 1,276,308</u>	<u>\$ 3,465,002</u>	<u>\$ 1,502,463</u>

**City of Fremont**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2016**  
(With comparative totals for the fiscal year ended June 30, 2015)

	Risk Management	Information Technology	Fire Capital Equipment Replacement	Totals	
				2016	2015
<b>OPERATING REVENUES</b>					
Charges for services	\$ 7,000,814	\$ 6,918,144	\$ 1,400,000	\$ 15,318,958	\$ 13,262,099
Other	(488)	13,572	-	13,084	51,221
<b>Total operating revenues</b>	<b>7,000,326</b>	<b>6,931,716</b>	<b>1,400,000</b>	<b>15,332,042</b>	<b>13,313,320</b>
<b>OPERATING EXPENSES</b>					
Salaries and wages	486,308	3,522,088	-	4,008,396	3,861,676
Insurance premiums	1,454,813	-	-	1,454,813	1,331,409
Provision for claim losses	5,106,255	-	-	5,106,255	4,314,130
Claims administration	269,893	-	-	269,893	265,588
Materials and supplies	11,307	2,285,511	142,760	2,439,578	2,214,430
Depreciation	-	432,132	-	432,132	476,027
Other	-	56,616	-	56,616	56,526
<b>Total operating expenses</b>	<b>7,328,576</b>	<b>6,296,347</b>	<b>142,760</b>	<b>13,767,683</b>	<b>12,519,786</b>
<b>OPERATING INCOME</b>	<b>(328,250)</b>	<b>635,369</b>	<b>1,257,240</b>	<b>1,564,359</b>	<b>793,534</b>
<b>NONOPERATING REVENUES</b>					
Investment income	307,819	71,293	19,068	398,180	138,991
<b>CHANGE IN NET POSITION</b>	<b>(20,431)</b>	<b>706,662</b>	<b>1,276,308</b>	<b>1,962,539</b>	<b>932,525</b>
Net position - beginning of year, as previously reported	329,983	1,172,480	-	1,502,463	7,157,650
Restatement for implementation of GASB 68	-	-	-	-	(6,587,712)
Net position - beginning of year, as restated	329,983	1,172,480	-	1,502,463	569,938
Net position - ending	\$ 309,552	\$ 1,879,142	\$ 1,276,308	\$ 3,465,002	\$ 1,502,463

## Internal Service Funds

### City of Fremont Combining Statement of Cash Flows Internal Service Funds For the fiscal year ended June 30, 2016 (With comparative totals for the fiscal year ended June 30, 2015)

	Risk Management	Information Technology	Fire Capital Equipment Replacement	Totals	
				2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from users	\$ 7,004,692	\$ 6,921,603	\$ 1,207,373	\$ 15,133,668	\$ 13,249,746
Other revenue	(488)	13,572	-	13,084	51,221
Less: Payments to suppliers	(1,871,811)	(2,638,234)	(142,760)	(4,652,805)	(3,523,012)
Payments for employee services	(501,058)	(3,874,839)	-	(4,375,897)	(3,943,582)
Payments for claims paid	(3,499,255)	-	-	(3,499,255)	(4,759,130)
Payments to others	-	(56,616)	-	(56,616)	(56,526)
<b>Net cash provided by operating activities</b>	<b>1,132,080</b>	<b>365,486</b>	<b>1,064,613</b>	<b>2,562,179</b>	<b>1,018,717</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>					
Acquisition of capital assets	-	(347,187)	-	(347,187)	(370,425)
Sale of land held for resale	-	-	-	-	2,821,430
<b>Net cash used in capital and related financing activities</b>	<b>-</b>	<b>(347,187)</b>	<b>-</b>	<b>(347,187)</b>	<b>2,451,005</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received on cash and investments	307,819	71,293	19,068	398,180	138,991
<b>Net change in cash and cash equivalents</b>	<b>1,439,899</b>	<b>89,592</b>	<b>1,083,681</b>	<b>2,613,172</b>	<b>3,608,713</b>
<b>CASH AND CASH EQUIVALENTS</b>					
Beginning of year	18,988,820	4,629,007	-	23,617,827	20,009,114
End of year	<u>\$ 20,428,719</u>	<u>\$ 4,718,599</u>	<u>\$ 1,083,681</u>	<u>\$ 26,230,999</u>	<u>\$ 23,617,827</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (328,250)	\$ 635,369	\$ 1,257,240	\$ 1,564,359	\$ 793,534
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	-	432,132	-	432,132	476,027
Changes in operating assets and liabilities:					
Other receivables	3,878	28,128	-	32,006	(12,353)
Prepaid assets	-	(24,669)	(192,627)	(217,296)	-
Accounts payable	(135,798)	(352,723)	-	(488,521)	288,415
Salaries and wages payable	40,997	26,210	-	67,207	26,898
Claims payable	1,607,000	-	-	1,607,000	(445,000)
Deferred outflow resources - pension plan	(8,369)	(112,772)	-	(121,141)	(573,309)
Deferred inflow resources - pension plan	(75,686)	(514,496)	-	(590,182)	1,183,336
Net pension liability	28,308	248,307	-	276,615	(718,831)
<b>Net cash provided by operating activities</b>	<b>\$ 1,132,080</b>	<b>\$ 365,486</b>	<b>\$ 1,064,613</b>	<b>\$ 2,562,179</b>	<b>\$ 1,018,717</b>

## Agency Funds

## Agency Funds

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### *Fiduciary Fund Financial Statements*

**Fiduciary Funds** are used to account for assets held by the City on behalf of others as their agent. Specific fiduciary funds are as follows:

#### **Agency Funds**

***Local Improvement Districts*** - Special assessment bonds were issued by local improvement districts under various public improvement acts of the State of California and are secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. The City acts as an agent in collecting the assessments from the property owners, forwarding the collections to bondholders, and initiating foreclosure proceedings when necessary. This fund also accounts for the accumulation of City of Fremont Community Facilities District No. 1 (CFD 1) facilities and services special tax revenue, payment of principal and interest for the outstanding CFD 1 special tax bonds, and payment for maintenance of the public improvements at Pacific Commons financed with the special tax bonds.

***Performance Bonds, Deposits and Confiscated Assets*** - This fund accounts for bonds and deposits received in conjunction with construction activity within the City, assets confiscated by the police and other deposits, held by the City in a fiduciary capacity.

***Southern Alameda County GIS*** - This fund accounts for monies collected from participating agencies for the administration of the program. The City of Fremont is the administrator of the Geographic Information System which serves the participating agencies. The program operates under a JPA that was approved by the City of Fremont, City of Newark, Union Sanitary District and Alameda County Water District.

**City of Fremont**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2016**

(With comparative totals for June 30, 2015)

	Local Improvement Districts	Performance Bonds, Deposits and Confiscated Assets	Southern Alameda County GIS	Total	
				2016	2015
<b><u>All Agency Funds</u></b>					
<b>Assets:</b>					
Cash and investments held by City	\$ 10,489,995	\$ 2,542,774	\$ -	\$ 13,032,769	\$ 12,525,586
Restricted cash and investments held by fiscal agent	5,853,878	2,273,163	-	8,127,041	7,847,201
Land held for resale	-	678,979	-	678,979	13,592,893
Accounts receivable	-	-	13,647	13,647	22,688
Other receivables	170,574	-	-	170,574	63,469
<b>Total assets</b>	<b>\$ 16,514,447</b>	<b>\$ 5,494,916</b>	<b>\$ 13,647</b>	<b>\$ 22,023,010</b>	<b>\$ 34,051,837</b>
<b>Liabilities:</b>					
Accounts payable	\$ -	37,374	-	37,374	39,844
Due to other governments	-	678,979	-	678,979	13,592,893
Cash overdraft	-	-	1,480	1,480	10,544
Deposits	16,514,447	4,778,563	12,167	21,305,177	20,408,556
<b>Total liabilities</b>	<b>\$ 16,514,447</b>	<b>\$ 5,494,916</b>	<b>\$ 13,647</b>	<b>\$ 22,023,010</b>	<b>\$ 34,051,837</b>

## Agency Funds

### City of Fremont Combining Statement of Changes in Assets and Liabilities Agency Funds For the fiscal year ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b><u>Local Improvement Districts</u></b>				
<b>Assets:</b>				
Cash and investments held by City	\$ 10,053,725	\$ 9,146,336	\$ (8,710,066)	\$ 10,489,995
Restricted cash and investments held by fiscal agent	7,608,918	72,518,487	(74,273,527)	5,853,878
Other receivables	63,469	664,288	(557,183)	170,574
<b>Total assets</b>	<b>\$ 17,726,112</b>	<b>\$ 82,329,111</b>	<b>\$ (83,540,776)</b>	<b>\$ 16,514,447</b>
<b>Liabilities:</b>				
Deposits	\$ 17,726,112	\$ 100,951,872	\$ (102,163,537)	\$ 16,514,447
<b><u>Performance Bonds, Deposits and Confiscated Assets</u></b>				
<b>Assets:</b>				
Cash and investments held by City	\$ 2,471,861	\$ 6,556,525	\$ (6,485,612)	\$ 2,542,774
Restricted cash and investments held by fiscal agent	238,283	2,034,880	-	2,273,163
Land held for resale	13,592,893	-	(12,913,914)	678,979
<b>Total assets</b>	<b>\$ 16,303,037</b>	<b>\$ 8,591,405</b>	<b>\$ (19,399,526)</b>	<b>\$ 5,494,916</b>
<b>Liabilities:</b>				
Accounts payable	\$ 39,844	\$ 5,706,739	\$ (5,709,209)	\$ 37,374
Due to other governments	13,592,893	-	(12,913,914)	678,979
Deposits	2,670,300	4,055,984	(1,947,721)	4,778,563
<b>Total liabilities</b>	<b>\$ 16,303,037</b>	<b>\$ 9,762,723</b>	<b>\$ (20,570,844)</b>	<b>\$ 5,494,916</b>
<b><u>Southern Alameda County GIS</u></b>				
<b>Assets:</b>				
Cash and investments held by City	\$ -	\$ 54,287	\$ (54,287)	\$ -
Accounts receivable	22,688	43,743	(52,784)	13,647
<b>Total assets</b>	<b>\$ 22,688</b>	<b>\$ 98,030</b>	<b>\$ (107,071)</b>	<b>\$ 13,647</b>
<b>Liabilities:</b>				
Cash overdraft	\$ 10,544	\$ 1,480	\$ (10,544)	\$ 1,480
Deposits	12,144	23	-	12,167
<b>Total liabilities</b>	<b>\$ 22,688</b>	<b>\$ 1,503</b>	<b>\$ (10,544)</b>	<b>\$ 13,647</b>
<b><u>Total Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments held by City	\$ 12,525,586	\$ 15,757,148	\$ (15,249,965)	\$ 13,032,769
Restricted cash and investments held by fiscal agent	7,847,201	74,553,367	(74,273,527)	8,127,041
Land held for resale	13,592,893	-	(12,913,914)	678,979
Accounts receivable	22,688	43,743	(52,784)	13,647
Other receivables	63,469	664,288	(557,183)	170,574
<b>Total assets</b>	<b>\$ 34,051,837</b>	<b>\$ 91,018,546</b>	<b>\$ (103,047,373)</b>	<b>\$ 22,023,010</b>
<b>Liabilities:</b>				
Accounts payable	\$ 39,844	\$ 5,706,739	\$ (5,709,209)	\$ 37,374
Due to other governments	13,592,893	-	(12,913,914)	678,979
Cash overdrafts	10,544	1,480	(10,544)	1,480
Deposits	20,408,556	105,007,879	(104,111,258)	21,305,177
<b>Total liabilities</b>	<b>\$ 34,051,837</b>	<b>\$ 110,716,098</b>	<b>\$ (122,744,925)</b>	<b>\$ 22,023,010</b>

## Human Services Fund

## Human Services Fund

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**The Human Services Fund** is a special revenue fund used to account for revenues from federal, state, and local sources that, by law or administrative action, are designated to sustain the City's social service infrastructure to promote a healthy and safe environment for families, the elderly, and youth. Services and programs include self-sufficiency, counseling, and housing assistance. The individual sub-funds included in the Human Services Fund are as follows:

***Community Development Block Grant*** – This fund accounts for grants from the U.S. Department of Housing and Urban Development for the primary purpose of developing viable urban communities.

***SHP Grant*** – This fund accounts for funds from the Department of Housing and Urban Development to implement the Homeless Outreach for People Empowerment project.

***Older Americans Grant*** – This fund accounts for federal and local grant monies received under the Older Americans Act. Case management services are provided to enable functionally impaired older persons to age in place.

***Tri-City Elders & Eden Housing*** – This fund accounts for the Tri-City Elders Coalition which works to identify and effectively meet the needs of seniors to enable them to remain independent in their own homes and communities, as well as the Eden Housing fund, which supports a program coordinator providing services at three senior housing complexes in Fremont.

***Senior Center*** – This fund accounts for revenues and expenditures for programs conducted by the Senior Citizens Center.

***Multipurpose Senior Services Program*** – This fund accounts for Federal monies received via the State Department of Aging to provide services aimed at allowing frail elders to remain in their homes.

***Area Agency on Aging*** – This fund accounts for Federal and local monies received via the Alameda County Area Agency on Aging (AAA) to provide services aimed at allowing frail elders to remain in their homes.

***Alameda Behavioral Health Care*** – This fund accounts for the monies received from the Alameda County Behavioral Health Care Services Department to support a multi-disciplinary team approach to family support at the Family Resource Center, as well as a Senior Mobile Mental Health team.

***Family Resource Center*** – This fund accounts for monies received from leases and service contracts at the Family Resource Center. This revenue is used for maintenance, operating and program costs of the center.

***Family Resource Center Corporation*** – This fund accounts for the operations of a 501(c)(3) non-profit supporting organization for the Fremont Family Resource Center, organized to accept grants and donations from organizations and foundations.

***Youth Service Center*** – This fund accounts for Youth Service Center grants received from the State Council for Criminal Justice via the Alameda County Probation Department.

***Every Child Counts Grant*** – This fund accounts for monies allocated through Alameda County from State Proposition 10 (tobacco taxes) to support early childhood programs in Youth and Family Services.

***Measure B & BB Para-Transit*** – Under Measure B and Measure BB, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related expenditures. This fund accounts for the portion of these monies used to partially fund the City’s paratransit program.

***Medi-Cal Administrative Activities*** – This fund accounts for Federal Medi-Cal reimbursement earned by the Human Services Department for participation in the Medi-Cal Administrative activities program, via the Alameda County Health Care Services Agency.

***Targeted Case Management*** – This fund accounts for Federal Medi-Cal reimbursement earned by the Human Services Department for participation the Targeted Case Management program via the Alameda County Health Care Services Agency.

***Community Donations*** – This fund accounts for donations that support Human Services Department programs, awarded to the department by private contributors.

***Human Services Operating*** – This fund accounts for the Transfer In of General Fund support for the administrative staff and operating expenditures necessary to administer the above funds; as well as service fees from Fremont Unified School District.

## Human Services Fund

### City of Fremont Supplemental Information Summary of Human Services Fund Balance Sheet June 30, 2016 (With comparative totals for June 30, 2015)

	Community Development Block Grant	SHP Grant	Older Americans Grant
<b>ASSETS</b>			
Cash and investments held by City	\$ -	\$ -	\$ -
Receivables:			
Due from other governmental agencies	418,922	86,398	10,526
Housing loans receivable, net	1,447,990	-	-
Accounts receivable	-	-	-
<b>Total assets</b>	<b>\$ 1,866,912</b>	<b>\$ 86,398</b>	<b>\$ 10,526</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 154,281	\$ 41,863	\$ 273
Salaries and wages payable	11,696	-	-
Due to other funds	252,945	44,535	10,253
<b>Total liabilities</b>	<b>418,922</b>	<b>86,398</b>	<b>10,526</b>
<b>Deferred inflows of resources-unavailable revenue</b>	<b>1,447,990</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
Restricted for social service programs	-	-	-
Committed for social service programs	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,866,912</b>	<b>\$ 86,398</b>	<b>\$ 10,526</b>

**Human Services Fund**

Tri-City Elders & Eden Housing	Senior Center	Multipurpose Senior Services Program	Area Agency on Aging	Alameda Behavioral Health Care	Family Resource Center	Family Resource Center Corporation
\$ 28,998	\$ 382,871	\$ -	\$ -	\$ -	\$ 2,899,513	\$ 166,035
35,748	-	155,126	20,651	199,376	257,803	6,566
-	-	-	-	-	-	-
-	-	-	-	-	-	13,589
<u>\$ 64,746</u>	<u>\$ 382,871</u>	<u>\$ 155,126</u>	<u>\$ 20,651</u>	<u>\$ 199,376</u>	<u>\$ 3,157,316</u>	<u>\$ 186,190</u>
\$ 1,715	\$ 10,255	\$ 5,352	\$ 921	\$ 577	\$ 21,752	\$ 871
-	25,589	-	-	-	64,761	-
-	-	149,774	19,730	198,799	-	-
1,715	35,844	155,126	20,651	199,376	86,513	871
-	-	-	-	-	-	-
63,031	-	-	-	-	3,070,803	185,319
-	347,027	-	-	-	-	-
63,031	347,027	-	-	-	3,070,803	185,319
<u>\$ 64,746</u>	<u>\$ 382,871</u>	<u>\$ 155,126</u>	<u>\$ 20,651</u>	<u>\$ 199,376</u>	<u>\$ 3,157,316</u>	<u>\$ 186,190</u>

(Continued)

## Human Services Fund

### City of Fremont Supplemental Information Summary of Human Services Fund Balance Sheet, continued June 30, 2016

(With comparative totals for June 30, 2015)

	Youth Service Center	Every Child Counts Grant	Measure B & BB Para-Transit
<b>ASSETS</b>			
Cash and investments held by City	\$ -	\$ 333,699	\$ 638,716
Receivables:			
Due from other governmental agencies	66,775	264,592	473,698
Housing loans receivable, net	-	-	-
Accounts receivable	-	-	-
<b>Total assets</b>	<b>\$ 66,775</b>	<b>\$ 598,291</b>	<b>\$ 1,112,414</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 273	\$ 173,947
Salaries and wages payable	-	1,147	1,051
Due to other funds	66,775	-	-
<b>Total liabilities</b>	<b>66,775</b>	<b>1,420</b>	<b>174,998</b>
Deferred inflows of resources-unavailable revenue	-	-	-
<b>Fund Balances:</b>			
Restricted for social service programs	-	596,871	937,416
Committed for social service programs	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>596,871</b>	<b>937,416</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 66,775</b>	<b>\$ 598,291</b>	<b>\$ 1,112,414</b>

## Human Services Fund

Medi-Cal Administrative Activities	Targeted Case Management	Community Donations	Human Services Operating	Total Summary of Human Services Fund	
				2016	2015
\$ 296,608	\$ 845,296	\$ 236,544	\$ 1,096,236	\$ 6,924,516	\$ 5,882,252
-	-	-	291,448	2,287,629	3,771,354
-	-	-	-	1,447,990	1,396,484
-	-	-	-	13,589	13,316
<u>\$ 296,608</u>	<u>\$ 845,296</u>	<u>\$ 236,544</u>	<u>\$ 1,387,684</u>	<u>\$ 10,673,724</u>	<u>\$ 11,063,406</u>
\$ -	\$ 5,908	\$ 1,854	\$ 57,636	\$ 477,478	\$ 532,172
-	-	-	260,761	365,005	297,712
-	-	-	-	742,811	1,701,531
-	5,908	1,854	318,397	1,585,294	2,531,415
-	-	-	263,000	1,710,990	1,494,615
296,608	839,388	234,690	-	6,224,126	5,593,017
-	-	-	806,287	1,153,314	1,444,359
<u>296,608</u>	<u>839,388</u>	<u>234,690</u>	<u>806,287</u>	<u>7,377,440</u>	<u>7,037,376</u>
<u>\$ 296,608</u>	<u>\$ 845,296</u>	<u>\$ 236,544</u>	<u>\$ 1,387,684</u>	<u>\$ 10,673,724</u>	<u>\$ 11,063,406</u>

(Concluded)

## Human Services Fund

### City of Fremont

#### Supplemental Information

#### Summary of Human Services Fund Revenues, Expenditures, and Changes in Fund Balance For the fiscal year ended June 30, 2016

(With comparative totals for the fiscal year ended June 30, 2015)

	Community Development Block Grant	SHP Grant	Older Americans Grant	Tri-City Elders & Eden Housing
<b>REVENUES:</b>				
Intergovernmental	\$ 1,139,970	\$ 256,820	\$ 62,982	\$ 6,217
Charges for services	-	-	-	19,588
Investment earnings	-	-	-	855
Other	113,608	-	-	172,171
<b>Total revenues</b>	<b>1,253,578</b>	<b>256,820</b>	<b>62,982</b>	<b>198,831</b>
<b>EXPENDITURES:</b>				
Current:				
Human services	242,511	-	62,982	224,893
Community development and environmental services	990,893	255,500	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>1,233,404</b>	<b>255,500</b>	<b>62,982</b>	<b>224,893</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>20,174</b>	<b>1,320</b>	<b>-</b>	<b>(26,062)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(20,174)	(1,320)	-	(7,752)
<b>Total other financing sources (uses)</b>	<b>(20,174)</b>	<b>(1,320)</b>	<b>-</b>	<b>(7,752)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33,814)</b>
<b>FUND BALANCES:</b>				
Beginning of year	-	-	-	96,845
End of year	\$ -	\$ -	\$ -	\$ 63,031

**Human Services Fund**

Senior Center	Multipurpose Senior Services Program	Area Agency on Aging	Alameda Behavioral Health Care	Family Resource Center	Family Resource Center Corporation
\$ -	\$ 223,869	\$ 156,454	\$ 717,683	\$ 182,096	\$ -
189,752	-	-	113,457	1,060,422	-
-	-	-	-	46,196	1,785
131,613	-	-	-	272,342	138,504
<u>321,365</u>	<u>223,869</u>	<u>156,454</u>	<u>831,140</u>	<u>1,561,056</u>	<u>140,289</u>
810,962	223,869	156,454	802,269	901,526	171,856
-	-	-	-	-	-
-	-	-	-	47,366	-
<u>810,962</u>	<u>223,869</u>	<u>156,454</u>	<u>802,269</u>	<u>948,892</u>	<u>171,856</u>
<u>(489,597)</u>	<u>-</u>	<u>-</u>	<u>28,871</u>	<u>612,164</u>	<u>(31,567)</u>
455,906	-	-	-	109,565	-
<u>(10,356)</u>	<u>-</u>	<u>-</u>	<u>(52,042)</u>	<u>(852,049)</u>	<u>(15,650)</u>
<u>445,550</u>	<u>-</u>	<u>-</u>	<u>(52,042)</u>	<u>(742,484)</u>	<u>(15,650)</u>
<u>(44,047)</u>	<u>-</u>	<u>-</u>	<u>(23,171)</u>	<u>(130,320)</u>	<u>(47,217)</u>
<u>391,074</u>	<u>-</u>	<u>-</u>	<u>23,171</u>	<u>3,201,123</u>	<u>232,536</u>
<u>\$ 347,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,070,803</u>	<u>\$ 185,319</u>

(Continued)

## Human Services Fund

### City of Fremont

#### Supplemental Information, continued

#### Summary of Human Services Fund Revenues, Expenditures, and Changes in Fund Balance For the fiscal year ended June 30, 2016

(With comparative totals for the fiscal year ended June 30, 2015)

	Youth Service Center	Every Child Counts Grant	Measure B & BB Para-Transit	Medi-Cal Administrative Activities
<b>REVENUES:</b>				
Intergovernmental	\$ 410,264	\$ 1,176,559	\$ 1,944,483	\$ 378,610
Charges for services	-	-	70,555	-
Investment earnings	-	-	5,757	1,501
Other	-	-	-	-
<b>Total revenues</b>	<b>410,264</b>	<b>1,176,559</b>	<b>2,020,795</b>	<b>380,111</b>
<b>EXPENDITURES:</b>				
Current:				
Human services	410,264	1,033,773	1,445,519	305,463
Community development and environmental services	-	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>410,264</b>	<b>1,033,773</b>	<b>1,445,519</b>	<b>305,463</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>142,786</b>	<b>575,276</b>	<b>74,648</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	243,404
Transfers out	-	(72,071)	(80,037)	(21,444)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(72,071)</b>	<b>(80,037)</b>	<b>221,960</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>70,715</b>	<b>495,239</b>	<b>296,608</b>
<b>FUND BALANCES:</b>				
Beginning of year	-	526,156	442,177	-
End of year	\$ -	\$ 596,871	\$ 937,416	\$ 296,608

## Human Services Fund

Targeted Case Management	Community Donations	Human Services Operating	Intrafund elimination	Fund Revenues, Expenditures, and Changes in Fund Balances	
				2016	2015
\$ 435,933	\$ 20,450	\$ 16,780	\$ -	\$ 7,129,170	\$ 5,455,666
-	-	220,816	-	1,674,590	1,644,125
-	-	16,554	-	72,648	33,017
-	95,425	3,544	-	927,207	1,061,896
<u>435,933</u>	<u>115,875</u>	<u>257,694</u>	<u>-</u>	<u>9,803,615</u>	<u>8,194,704</u>
449,737	83,077	3,893,855	-	11,219,010	10,137,075
-	-	-	-	1,246,393	1,019,664
-	-	-	-	47,366	50,568
<u>449,737</u>	<u>83,077</u>	<u>3,893,855</u>	<u>-</u>	<u>12,512,769</u>	<u>11,207,307</u>
<u>(13,804)</u>	<u>32,798</u>	<u>(3,636,161)</u>	<u>-</u>	<u>(2,709,154)</u>	<u>(3,012,603)</u>
-	15,647	3,656,527	(109,565)	4,371,484	3,983,324
<u>(31,571)</u>	<u>-</u>	<u>(267,365)</u>	<u>109,565</u>	<u>(1,322,266)</u>	<u>(1,262,942)</u>
<u>(31,571)</u>	<u>15,647</u>	<u>3,389,162</u>	<u>-</u>	<u>3,049,218</u>	<u>2,720,382</u>
<u>(45,375)</u>	<u>48,445</u>	<u>(246,999)</u>	<u>-</u>	<u>340,064</u>	<u>(292,221)</u>
<u>884,763</u>	<u>186,245</u>	<u>1,053,286</u>	<u>-</u>	<u>7,037,376</u>	<u>7,329,597</u>
<u>\$ 839,388</u>	<u>\$ 234,690</u>	<u>\$ 806,287</u>	<u>\$ -</u>	<u>\$ 7,377,440</u>	<u>\$ 7,037,376</u>

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# Statistical Section

This part of the City of Fremont's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	160
These schedules contain trend information to help the reader understand how the City's financial performance and fiscal well-being have changed over time.	
<b>Revenue Capacity</b>	168
These schedules contain information to help the reader assess the factors affecting the City's ability to generate property tax.	
<b>Debt Capacity</b>	172
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	176
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating Information</b>	180
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Sources: unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

## Statistical Section

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### City of Fremont Net Position by Component Last Ten Fiscal Years *accrual basis of accounting* (Unaudited)

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	2006/07	2007/08	2008/09	2009/10 <sup>(1)</sup>	2010/11
Governmental activities					
Net investment in capital assets	\$ 507,801,920	\$ 597,016,241	\$ 617,287,566	\$ 682,627,226	\$ 685,667,798
Restricted	253,733,287	262,457,732	258,314,734	194,716,786	204,033,227
Unrestricted	51,665,700	43,467,426	39,138,468	42,803,743	38,008,379
Total primary government net position	<u>\$ 813,200,907</u>	<u>\$ 902,941,399</u>	<u>\$ 914,740,768</u>	<u>\$ 920,147,755</u>	<u>\$ 927,709,404</u>

Notes:

- (1) All components of net position restated for prior period adjustment in FY 2010/11 to reflect allowance for uncollectible affordable housing loan interest accruals.
- (2) Unrestricted net position restated for implementation of GASB Statment No. 65 in FY 2013/14 to eliminate items previously reported as assets.
- (3) The City implemented GASB Statement No. 68 in FY 2014/15 and unrestricted net position includes the impact of pension balances.

Schedule 1

2011/12	2012/13 <sup>(2)</sup>	2013/14	2014/15 <sup>(3)</sup>	2015/16 <sup>(3)</sup>
\$ 691,660,486	\$ 705,897,097	\$ 711,439,311	\$ 727,727,677	\$ 734,700,673
117,039,150	127,702,933	128,637,828	137,108,141	149,630,295
59,650,042	52,010,409	56,054,426	(230,307,996)	(190,955,946)
<u>\$ 868,349,678</u>	<u>\$ 885,610,439</u>	<u>\$ 896,131,565</u>	<u>\$ 634,527,822</u>	<u>\$ 693,375,022</u>

## Statistical Section

# City of Fremont

## Changes in Net Position

### Last Ten Fiscal Years

*accrual basis of accounting*  
(Unaudited)

Expenses	2006/07	2007/08	2008/09	2009/10 <sup>(1)</sup>	2010/11
Governmental activities:					
General government	\$ 13,008,021	\$ 13,070,910	\$ 13,767,479	\$ 11,430,814	\$ 11,971,463
Police services	50,900,709	54,340,131	55,686,039	55,616,399	54,925,765
Fire services	28,586,741	31,949,301	34,614,856	33,959,301	34,482,857
Human services	7,023,486	8,570,232	8,543,626	8,939,110	8,908,446
Capital assets maintenance and operations	51,922,938	45,347,610	38,893,562	46,719,842	42,075,801
Recreation and leisure services	5,746,712	6,248,438	6,929,936	6,868,067	6,731,068
Community development and environmental services	35,676,597	39,566,083	42,224,384	52,910,594	45,447,180
Intergovernmental	-	-	12,740,670	-	-
Interest on debt	9,046,177	9,884,311	9,616,078	4,284,166	6,373,866
Total primary government expenses	201,911,381	208,977,016	223,016,630	220,728,293	210,916,446
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	365,018	1,489,409	1,686,609	916,917	1,000,218
Police services	5,151,589	4,863,088	5,202,320	4,386,919	4,200,213
Fire services	2,633,354	2,707,187	2,810,650	2,909,491	2,819,447
Human services	1,938,551	1,775,799	2,069,671	1,864,397	1,563,341
Capital assets maintenance and operations	1,727,489	1,731,401	1,759,999	2,051,575	2,901,266
Recreation and leisure services	3,844,673	4,028,541	4,604,871	5,480,873	5,540,566
Community development and environmental services	18,364,336	16,404,617	14,598,875	15,953,963	12,755,944
Operating grants and contributions	28,035,029	25,380,774	22,954,564	22,854,182	20,877,645
Capital grants and contributions	11,077,269	42,217,560	14,611,426	15,359,351	7,492,536
Total primary government program revenues	73,137,308	100,598,376	70,298,985	71,777,668	59,151,176
<b>Net (Expense)/Revenue</b>					
Total primary government net expense	(128,774,073)	(108,378,640)	(152,717,645)	(148,950,625)	(151,765,270)
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property tax	90,038,824	98,144,859	103,503,472	102,848,091	100,080,165
Sales tax	34,190,785	35,583,842	31,631,408	26,769,511	30,089,204
Business taxes	6,738,310	7,508,481	7,009,869	7,106,402	6,820,327
Transient occupancy tax	2,885,388	3,181,302	2,864,442	2,866,987	3,475,913
Property transfer tax	1,504,708	1,092,279	840,065	975,982	1,031,249
Franchise fees	7,902,406	7,953,642	8,328,847	7,928,716	8,215,061
Investment earnings(loss)	13,758,948	17,425,422	8,981,569	6,358,774	4,296,980
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	7,058,915	4,340,803	4,257,342	9,027,871	5,318,020
Total primary government general revenues and other changes in net position	164,078,284	175,230,630	167,417,014	163,882,334	159,326,919
Pollution remediation obligation	-	-	(2,900,000)	475,000	-
Extraordinary loss	-	-	-	-	-
Total primary government change in net position	\$ 35,304,211	\$ 66,851,990	\$ 11,799,369	\$ 15,406,709	\$ 7,561,649

#### Notes:

- (1) Investment earnings restated for prior period adjustment in FY 2010/11 to reflect allowance for uncollectible affordable housing loan interest accruals.
- (2) Interest on debt expense restated for implementation of GASB Statment No. 65 in FY 2013/14 to eliminate items previously reported as assets.
- (3) In FY 2015/16, vehicle in-lieu revenue is included in miscellaneous revenue and impact fee revenue is included in capital grants and contributions. All prior years were restated to reflect this change.

Schedule 2

	2011/12	2012/13 <sup>(2)</sup>	2013/14	2014/15	2015/16 <sup>(3)</sup>
\$	10,747,362	\$ 12,306,781	\$ 12,963,908	\$ 13,900,314	\$ 13,604,679
	54,904,248	56,697,425	60,187,955	62,265,880	64,837,566
	35,276,141	35,696,189	37,797,969	38,969,266	42,310,730
	9,187,754	9,461,291	9,973,326	10,418,215	10,619,068
	56,293,833	48,651,872	55,110,254	57,971,103	67,776,490
	7,240,833	7,797,737	8,428,819	8,397,409	8,186,587
	18,982,320	16,868,885	21,263,989	20,092,103	23,600,633
	-	-	-	1,990,040	-
	6,101,394	5,107,813	4,839,848	3,896,781	3,828,360
	198,733,885	192,587,993	210,566,068	217,901,111	234,764,113
	835,913	822,395	837,196	1,152,052	1,666,658
	4,063,168	4,291,487	4,505,971	4,528,822	4,175,223
	2,825,041	2,801,995	2,793,384	2,845,539	2,804,753
	1,518,996	2,384,329	2,890,542	1,899,386	2,093,782
	4,632,786	2,931,189	2,290,082	9,292,132	2,152,983
	5,981,911	6,253,791	6,929,386	7,633,759	8,260,807
	14,213,061	15,623,890	18,096,122	24,225,397	32,185,970
	28,521,019	20,783,010	16,288,849	14,033,697	14,169,917
	11,564,087	15,478,715	21,109,773	12,098,975	27,856,531
	74,155,982	71,370,801	75,741,305	77,709,759	95,366,624
	(124,577,903)	(121,217,192)	(134,824,763)	(140,191,352)	(139,397,489)
	81,383,794	77,314,901	72,130,472	79,611,885	82,484,888
	33,065,829	34,404,123	38,862,070	40,743,875	48,580,024
	7,495,975	7,368,022	7,828,030	9,420,130	10,125,832
	4,132,665	4,871,866	6,155,212	7,181,438	8,086,529
	861,352	1,202,361	1,494,656	1,758,406	1,800,905
	8,255,221	8,470,739	8,924,582	9,298,688	9,605,547
	2,289,171	(453,486)	1,957,784	1,764,197	4,659,270
	-	-	-	15,985,118	22,934,023
	5,239,731	7,813,719	7,993,083	9,562,197	9,967,671
	142,723,738	140,992,245	145,345,889	175,325,934	198,244,689
	-	-	-	-	-
	(77,505,561)	-	-	-	-
\$	(59,359,726)	\$ 19,775,053	\$ 10,521,126	\$ 35,134,582	\$ 58,847,200

**Statistical Section**

**City of Fremont**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*modified accrual basis of accounting*  
(Unaudited)

	2006/07	2007/08	2008/09	2009/10 <sup>(1,2)</sup>	2010/11 <sup>(2)</sup>
<b>General Fund</b>					
Nonspendable:					
Long term loans receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid assets	-	-	-	10,335	10,827
Assigned for:					
Encumbrances	-	-	-	-	-
Unassigned	-	-	-	28,890,327	28,050,777
Reserved	450,170	202,890	386,227	-	-
Unreserved	41,683,524	35,524,862	30,713,126	-	-
<b>Total general fund</b>	<b>\$ 42,133,694</b>	<b>\$ 35,727,752</b>	<b>\$ 31,099,353</b>	<b>\$ 28,900,662</b>	<b>\$ 28,061,604</b>
<b>All Other Governmental Funds</b>					
Nonspendable:					
Prepaid assets	\$ -	\$ -	\$ -	\$ 3,764,808	\$ (10,827)
Restricted For:					
Social service programs	-	-	-	6,430,993	9,820,703
Debt service	-	-	-	7,100,039	3,055,835
Public safety	-	-	-	7,043,810	3,275,314
Street improvements	-	-	-	25,516,365	28,169,721
Community development	-	-	-	141,502,159	79,059,198
Other purposes	-	-	-	774,382	498,172
Committed for:					
Social service programs	-	-	-	184,559	7,002,800
Recreation programs	-	-	-	3,986,842	6,291,555
Assigned for:					
Vehicle replacement	-	-	-	4,578,109	4,240,492
Other capital projects	-	-	-	18,244,729	36,690,483
Unassigned	-	-	-	-	-
Reserved	126,727,937	71,138,649	48,982,849	-	-
Unreserved, designated for:					
Special revenue funds	52,682,836	55,781,769	47,612,657	-	-
Capital projects fund	119,785,296	153,637,169	175,423,906	-	-
Unreserved, undesignated for:					
Special revenue funds	(709,919)	(528,661)	(490,498)	-	-
<b>Total all other governmental funds</b>	<b>\$ 260,671,861</b>	<b>\$ 268,284,736</b>	<b>\$ 268,382,353</b>	<b>\$ 219,126,795</b>	<b>\$ 178,093,446</b>

Notes:

- (1) Fund balance categories restated for implementation of GASB Statment No. 54 in FY 2010/11.
- (2) Fund balance reclassified and restated to conform to the presentation in FY 2011/12 and subsequent years.

Schedule 3

2011/12	2012/13	2013/14	2014/15	2015/16
\$ -	\$ -	\$ 314,556	\$ -	\$ -
-	-	-	2,173,335	2,193,530
-	-	1,010,793	1,833,795	644,427
31,002,006	31,310,309	29,819,191	37,240,565	36,288,656
-	-	-	-	-
-	-	-	-	-
<u>\$ 31,002,006</u>	<u>\$ 31,310,309</u>	<u>\$ 31,144,540</u>	<u>\$ 41,247,695</u>	<u>\$ 39,126,613</u>
\$ -	\$ -	\$ -	\$ -	\$ 242,699
6,299,201	11,707,520	9,820,703	9,038,913	10,942,559
4,273,390	4,251,981	3,055,835	4,460,258	4,390,396
8,475,758	4,958,094	3,275,314	2,892,597	3,384,148
29,640,961	27,807,373	28,169,721	16,882,384	28,949,426
69,628,179	72,719,309	79,059,198	102,427,173	111,384,135
566,102	544,412	498,172	267,364	23,961
3,976,129	1,897,039	7,002,800	6,637,434	7,605,287
4,983,869	5,563,377	6,291,555	7,269,011	7,436,031
3,842,513	3,702,187	3,407,645	2,708,119	2,355,508
30,058,124	35,550,435	36,690,483	41,638,392	67,965,564
-	(134,557)	(42,547)	(140,281)	(1,409,021)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 161,744,226</u>	<u>\$ 168,567,170</u>	<u>\$ 177,228,879</u>	<u>\$ 194,081,364</u>	<u>\$ 243,270,693</u>

**Statistical Section**

**City of Fremont**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*modified accrual basis of accounting*  
(Unaudited)

	2006/07	2007/08	2008/09	2009/10	2010/11
<b>Revenues</b>					
Taxes:					
Property tax	\$ 89,560,729	\$ 98,144,859	\$ 103,503,472	\$ 102,848,091	\$ 100,080,165
Sales tax	34,190,785	35,583,842	31,631,408	26,769,511	30,089,204
Business taxes	6,738,310	7,508,481	7,009,869	7,106,402	6,820,327
Transient occupancy tax	2,885,388	3,181,302	2,864,442	2,866,987	3,475,913
Property transfer tax	1,504,708	1,092,279	840,065	975,982	1,031,249
Total taxes	134,879,920	145,510,763	145,849,256	141,201,278	141,496,858
Development impact fees	10,845,865	11,012,026	4,104,115	6,976,919	6,790,105
Franchise fees	7,902,406	7,953,642	8,328,847	7,928,716	8,215,061
Charges for services	31,755,677	31,599,774	30,910,844	31,553,854	30,763,760
Investment earnings	13,405,022	16,955,191	8,760,151	7,325,832	4,062,605
Intergovernmental	29,733,542	53,302,214	33,371,140	31,344,757	22,333,769
Other revenues	5,769,464	3,980,839	3,460,782	8,326,595	4,259,458
Total revenues	234,291,896	270,314,449	234,785,135	234,023,646	217,921,616
<b>Expenditures</b>					
General government	12,094,439	12,628,762	11,711,458	11,126,970	11,626,724
Police services	50,065,794	52,837,739	54,573,391	53,798,999	53,438,082
Fire services	27,630,794	30,364,662	32,710,995	31,471,578	32,088,475
Human services	6,995,637	8,565,647	8,582,926	8,929,839	8,937,090
Capital assets maintenance and operations	48,265,999	42,341,852	39,069,515	40,386,402	37,741,086
Recreation and leisure services	5,588,467	6,188,443	6,876,778	6,720,593	6,509,957
Community development and environmental services	26,563,329	29,316,813	42,360,414	28,393,990	30,765,728
Intergovernmental	8,550,372	10,170,059	12,753,545	26,182,316	16,404,213
Capital outlay	13,142,337	57,959,324	39,318,636	41,936,766	24,358,920
Debt service:					
Principal	9,975,000	10,300,000	20,390,000	8,130,000	4,680,000
Interest and fiscal charges	8,810,719	8,186,907	10,235,890	7,021,913	6,730,327
Payment to refunding escrow	-	-	-	-	-
Total expenditures	217,682,887	268,860,208	278,583,548	264,099,366	233,280,602
Excess of revenues over (under) expenditures	16,609,009	1,454,241	(43,798,413)	(30,075,720)	(15,358,986)
<b>Other Financing Sources (Uses)</b>					
Debt issuance	-	-	92,360,000	-	15,000,000
Premium on debt issue	-	-	353,665	-	-
Proceeds from HELP Loan	-	-	1,500,000	-	-
Proceeds from sale of capital assets	-	-	-	-	19,244,059
Transfers in	74,488,066	124,375,710	71,731,048	51,893,739	48,045,240
Transfers out	(74,951,757)	(123,829,663)	(71,155,437)	(51,187,268)	(47,269,403)
Payment to escrow agent	-	-	(57,815,000)	(22,085,000)	-
Total other financing sources (uses)	(463,691)	546,047	36,974,276	(21,378,529)	35,019,896
Extraordinary gain (loss)	-	-	-	-	-
Net change in fund balances	\$ 16,145,318	\$ 2,000,288	\$ (6,824,137)	\$ (51,454,249)	\$ 19,660,910
Debt service as a percentage of noncapital expenditures	9.2%	8.8%	12.8%	6.8%	5.5%

Notes:

(1) FY 2015/16 vehicle in-lieu revenue is included in intergovernmental revenue with all prior years restated to reflect this change.

Schedule 4

2011/12	2012/13	2013/14	2014/15	2015/16 <sup>(1)</sup>
\$ 81,383,794	\$ 77,314,901	\$ 72,130,472	\$ 79,611,885	\$ 82,484,888
33,065,829	34,404,123	38,862,070	40,743,875	48,580,024
7,495,975	7,368,022	7,828,030	9,420,130	10,125,832
4,132,665	4,871,866	6,155,212	7,181,438	8,086,529
861,352	1,202,361	1,494,656	1,758,406	1,800,905
126,939,615	125,161,273	126,470,440	138,715,734	151,078,178
6,193,879	7,371,151	8,262,911	6,966,643	11,792,744
8,255,221	8,470,739	8,924,582	9,298,688	9,605,547
33,500,728	34,880,896	37,815,036	47,547,582	55,183,568
2,056,182	(411,290)	1,795,130	1,625,206	4,261,090
33,418,008	28,525,586	27,054,592	26,077,980	29,557,304
4,790,435	7,670,743	7,940,974	9,419,190	9,863,178
215,154,068	211,669,098	218,263,665	239,651,023	271,341,609
10,326,841	11,705,622	12,325,158	13,687,288	14,534,805
53,386,351	52,983,058	56,526,938	60,977,009	67,907,604
32,968,266	32,028,985	34,122,657	37,123,963	43,597,692
9,132,699	9,289,812	9,835,921	10,523,242	11,388,813
52,839,416	44,241,372	49,542,065	54,164,969	60,687,792
6,904,449	6,984,149	7,546,990	7,847,547	8,318,171
19,250,687	19,145,502	18,912,045	19,033,162	24,997,659
-	-	-	1,990,040	-
11,413,444	19,490,281	9,929,862	17,756,829	15,742,759
4,890,000	5,430,000	5,435,000	6,105,000	6,290,000
6,672,770	4,957,514	5,054,471	4,055,742	3,941,681
2,844,665	-	-	-	-
210,629,588	206,256,295	209,231,107	233,264,791	257,406,976
4,524,480	5,412,803	9,032,558	6,386,232	13,934,633
53,280,000	-	22,005,000	-	9,100,000
1,272,726	-	726,480	-	-
-	-	-	-	-
60,449	218,444	1,202,251	19,244,059	24,033,614
37,006,086	36,398,411	35,667,820	37,855,620	37,094,464
(37,006,086)	(34,898,411)	(36,667,820)	(37,855,620)	(37,094,464)
(53,245,335)	-	(22,145,000)	-	-
1,367,840	1,718,444	788,731	19,244,059	33,133,614
(64,462,513)	-	-	-	-
\$ (58,570,193)	\$ 7,131,247	\$ 9,821,289	\$ 25,630,291	\$ 47,068,247
7.2%	5.6%	5.3%	4.7%	4.2%

Statistical Section

**City of Fremont**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
*in thousands of dollars*  
(Unaudited)

**Schedule 5**

Fiscal Year	City <sup>(1)</sup>					Redevelopment Agency <sup>(1,2)</sup>					City Direct Rate <sup>(3)</sup>
	Secured	Unsecured	Less Exemptions	Public Utilities	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Public Utilities	Taxable Assessed Value	
2007	\$ 28,907,217	\$ 2,036,828	\$ (715,350)	\$ 12,654	\$ 30,241,349	\$ 2,921,642	\$ 533,612	\$ (57,752)	\$ 849	\$ 3,398,351	
2008	30,946,443	2,063,841	(732,041)	3,271	32,281,514	3,256,501	563,757	(71,929)	265	3,748,594	
2009	32,521,734	2,185,774	(753,714)	3,090	33,956,884	3,534,749	554,175	(93,021)	265	3,996,168	
2010	32,197,081	2,445,549	(809,531)	3,090	33,836,189	3,535,085	614,481	(99,204)	265	4,050,627	
2011	32,096,417	2,550,780	(841,788)	3,093	33,808,502	3,345,741	585,154	(104,760)	265	3,826,400	
2012	31,689,717	2,435,867	(835,287)	3,093	33,293,390	3,355,013	570,433	(105,348)	265	3,820,363	0.1573%
2013	32,152,556	2,461,490	(833,858)	67,380	33,847,568	3,387,706	597,016	(119,523)	265	3,865,464	0.1569%
2014	33,986,979	2,299,499	(826,210)	59,209	35,519,477	3,491,344	652,849	(101,029)	265	4,043,429	0.1527%
2015	36,409,171	2,284,533	(888,111)	52,259	37,857,852	3,750,327	707,415	(123,217)	322	4,334,847	0.1598%
2016	39,250,284	2,348,141	(849,704)	52,259	40,800,980	-	-	-	-	-	0.1505%

Notes:

- (1) In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% of the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" limited to a maximum increase of 2%. With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.
- (2) The information for FY 2012/13 and subsequent years is for the Successor Agency to the Redevelopment Agency of the City of Fremont. Effective at end of FY 2014/15, City Council adopted a resolution to terminate the Successor Agency to the Redevelopment Agency of the City of Fremont.
- (3) The City direct rate shown is the City's share of the 1% countywide rate in City of Fremont Tax Rate Area 12-001 and the City's general obligation bond rate. Comparable data is not available for fiscal years prior to 2011/12.

Sources: Alameda County Assessor; Alameda County Auditor-Controller

**City of Fremont**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
(Unaudited)

**Schedule 6**

Fiscal Year Ended June 30,	City Direct Rate		Overlapping Rates			Total Direct and Overlapping Rate
	City <sup>(1)</sup>	General Obligation Debt Service	County	School District	Special Districts	
2007	-	0.0044%	1.0000%	0.0520%	0.0246%	1.0810%
2008	-	0.0042%	1.0000%	0.0610%	0.0402%	1.1054%
2009	-	0.0079%	1.0000%	0.0594%	0.0453%	1.1126%
2010	-	0.0107%	1.0000%	0.0622%	0.0293%	1.1022%
2011	-	0.0095%	1.0000%	0.0540%	0.0374%	1.1009%
2012	0.1475%	0.0098%	0.8525%	0.0844%	0.0375%	1.1317%
2013	0.1475%	0.0094%	0.8525%	0.0803%	0.0344%	1.1241%
2014	0.1475%	0.0052%	0.8525%	0.0706%	0.0510%	1.1268%
2015	0.1475%	0.0123%	0.8525%	0.1270%	0.0394%	1.1787%
2016	0.1434%	0.0071%	0.8566%	0.1188%	0.0481%	1.1740%

Notes:

(1) In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% of the assessed value of the property being taxed. This 1% of assessed value is shared by all taxing agencies within which whose jurisdiction the subject property resides. The City direct rate shown is the City's share of the 1% countywide rate in City of Fremont Tax Rate Area 12-001. Comparable data is not available for fiscal years prior to 2011/12.

Source: Alameda County Auditor-Controller

**Statistical Section**

**City of Fremont**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**  
*in thousands of dollars*  
(Unaudited)

**Schedule 7**

Tax Payer	2016			2007		
	Total Assessed Value	Rank	% of Total City Taxable Assessed Value	Total Assessed Value	Rank	% of Total City Taxable Assessed Value
Tesla Motors Inc	\$ 755,816	1	2.00%	\$ -	-	-
John T. Arrillaga & Richard T. Peery	199,663	2	0.53%	161,226	5	0.53%
SI 30 LLC	196,250	3	0.52%	-	-	-
Transcontinental Northern California Inc.	189,056	4	0.50%	-	-	-
BRE Properties, Inc.	157,638	5	0.42%	-	-	-
Essex Briarwood L P	141,102	6	0.37%	-	-	-
Fremont Pat Ranch LLC	137,442	7	0.36%	-	-	-
Fremont Retail Partners LP	135,548	8	0.36%	-	-	-
Thermo Fisher Scientific Inc	120,370	9	0.32%	-	-	-
Seagate Technology LLC	94,957	10	0.25%	-	-	-
New United Motors Manufacturing, Inc.	-	-	-	985,625	1	3.26%
Catellus Development Corporation	-	-	-	328,432	2	1.09%
SCI LP I	-	-	-	201,358	3	0.67%
Ardenwood Corporate Park Associates	-	-	-	164,296	4	0.54%
CalWest Industrial Properties LLC	-	-	-	160,137	6	0.53%
Jer Bayside LLD	-	-	-	112,126	7	0.37%
Selco Service Corporation	-	-	-	70,001	8	0.23%
RREEF America Reit II Corporation	-	-	-	58,803	9	0.19%
Riggs & Company	-	-	-	51,640	10	0.17%
<b>Total</b>	<b>\$ 2,127,842</b>		<b>5.63%</b>	<b>\$ 2,293,644</b>		<b>7.58%</b>

Source: Alameda County Assessor

**City of Fremont**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
(Unaudited)

Schedule 8

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year <sup>(1)</sup>	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections <sup>(3)</sup>
		Amount Collected <sup>(2)</sup>	Percentage of Levy	
2007	\$ 39,664,243	\$ 38,624,386	97.38%	\$ 820,415
2008	41,526,256	40,733,978	98.09%	1,290,043
2009	43,388,269	42,805,006	98.66%	2,341,001
2010	43,147,792	42,782,214	99.15%	2,454,033
2011	43,850,035	43,356,624	98.87%	1,633,325
2012	46,408,439	45,729,845	98.54%	1,575,887
2013	49,964,034	49,306,560	98.68%	1,529,406
2014	52,673,395	51,433,790	97.65%	558,860
2015	56,311,310	55,104,240	97.86%	961,460
2016	59,079,814	58,251,685	98.60%	2,447,025

Notes:

- (1) Taxes levied are based on revenue estimate provided annually by the Alameda County Auditor-Controller Agency.
- (2) Beginning January 2012, amounts collected include the City's share of Successor Agency un-obligated property tax revenue.
- (3) The City does not have access to data showing delinquent tax collections by fiscal year of delinquency. Amounts shown are total collections of delinquent property taxes during the year.

Source: Alameda County Auditor-Controller

Statistical Section

**City of Fremont**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
*dollars in thousands, except per capita*  
(Unaudited)

Schedule 9

Fiscal Year Ended June 30,	Governmental Activities <sup>(1)</sup>			Total Outstanding Debt	Percentage of Taxable Assessed Value <sup>(2)</sup>	Percentage of Personal Income <sup>(3)</sup>	Debt Per Capita <sup>(4)</sup>
	General Obligation Bonds	Redevelopment Bonds	Certificates of Participation/ Lease Financing				
2007	\$ 34,834	\$ 47,839	\$ 130,671	\$ 213,344	0.71%	2.76%	\$ 1,029
2008	34,608	41,946	126,459	203,013	0.63%	2.60%	970
2009	49,627	26,213	140,510	216,350	0.64%	2.74%	1,023
2010	48,639	-	137,014	185,653	0.55%	2.41%	867
2011	47,607	-	148,393	196,000	0.58%	2.44%	910
2012	47,503	-	142,739	190,242	0.57%	2.30%	875
2013	46,220	-	138,503	184,723	0.55%	1.93%	839
2014	45,497	-	134,257	179,754	0.51%	1.98%	802
2015	44,095	-	129,431	173,526	0.46%	1.75%	762
2016	42,647	-	133,565	176,212	0.43%	1.76%	768

Notes:

- (1) Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements.
- (2) Property value data is disclosed in Schedule 5.
- (3) Personal income data is disclosed in Schedule 13.
- (4) Population data is disclosed in Schedule 13.

**City of Fremont**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
*dollars in thousands, except per capita*  
(Unaudited)

Schedule 10

Fiscal Year Ended June 30,	General Bonded Debt Outstanding <sup>(1)</sup>				Total	Percentage of Taxable Assessed Value <sup>(3)</sup>	Debt Per Capita <sup>(4)</sup>
	General Obligation Bonds	Redevelopment Bonds	Less Amounts Available in Debt Service Fund <sup>(2)</sup>				
2007	\$ 34,834	\$ 47,839	\$ 1,554	\$ 81,119	0.27%	\$ 391	
2008	34,608	41,946	789	75,765	0.23%	362	
2009	49,627	26,213	1,763	74,077	0.22%	350	
2010	48,639	-	2,391	46,248	0.14%	216	
2011	47,607	-	2,382	45,225	0.13%	210	
2012	47,503	-	2,407	45,096	0.14%	207	
2013	46,220	-	2,420	43,800	0.13%	199	
2014	45,497	-	1,235	44,262	0.12%	197	
2015	44,095	-	2,643	41,452	0.11%	182	
2016	42,647	-	2,586	40,061	0.10%	175	

Notes:

- (1) Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements.
- (2) This is the amount restricted for debt service principal payments.
- (3) Property value data is disclosed in Schedule 5.
- (4) Population data is disclosed in Schedule 13.

**Statistical Section**

**City of Fremont**

**Direct and Overlapping Governmental Activities Debt**

**Schedule 11**

**As of June 30, 2016**

(Unaudited)

Overlapping Government Unit <sup>(1)</sup>	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Bay Area Rapid Transit District	\$ 527,065,000	6.817%	\$ 35,930,021
Chabot-Las Positas Community College District	420,427,539	0.007%	29,430
Ohlone Community College District	405,166,857	83.829%	339,647,325
Fremont Unified School District	411,820,000	100.000%	411,820,000
City of Fremont Community Facilities District No. 1	79,700,000	100.000%	79,700,000
City of Fremont 1915 Act Bonds	1,120,000	100.000%	1,120,000
Washington Township Healthcare District	333,540,000	70.217%	234,201,782
East Bay Regional Park District	149,945,000	10.445%	15,661,755
Alameda County General Fund Obligations	852,027,000	17.285%	147,272,867
Alameda County Pension Obligations	47,111,094	17.285%	8,143,153
Alameda-Contra Costa Transit District Certificates of Participation	21,285,000	20.473%	4,357,678
Fremont Unified School District Certificates of Participation	54,570,000	100.000%	54,570,000
Subtotal, overlapping debt			1,332,454,011
<b>City of Fremont, direct debt</b>			<b>176,211,962</b>
<b>Total direct and overlapping debt</b>			<b>\$1,508,665,973</b>

Notes:

(1) Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Fremont. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

**City of Fremont**  
**Legal Debt Margin Information**  
**June 30, 2016**  
**Last Ten Fiscal Years**  
*dollars in millions*  
(Unaudited)

**Schedule 12**

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 1,134	\$ 1,211	\$ 1,273	\$ 1,269	\$ 1,268	\$ 1,249	\$ 1,269	\$ 1,332	\$ 1,420	\$ 1,530
Debt applicable to limit <sup>(1)</sup>	35	35	50	49	48	48	46	45	44	43
Legal debt margin	<b>\$ 1,099</b>	<b>\$ 1,176</b>	<b>\$ 1,223</b>	<b>\$ 1,220</b>	<b>\$ 1,220</b>	<b>\$ 1,201</b>	<b>\$ 1,223</b>	<b>\$ 1,287</b>	<b>\$ 1,376</b>	<b>\$ 1,487</b>
Percentage available	96.9%	97.1%	96.1%	96.1%	96.2%	96.2%	96.4%	96.6%	96.9%	97.2%

**Calculation of Legal Debt Margin**

Assessed value of taxable property	\$ 40,801
25 % of Assessed Valuation	10,200
Debt limit (15% of assessed value)	1,530
General obligation bonds outstanding	43
<b>Legal debt margin</b>	<b>\$ 1,487</b>

Notes:

- (1) The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation; however, this provision was enacted when assessed valuation was based upon 25% of market value. The computation above reflects a conversion of assessed valuation data from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Fremont Finance Department; Alameda County Assessor

Statistical Section

**City of Fremont**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**  
(Unaudited)

**Schedule 13**

<b>Year</b>	<b>Population<sup>(1)</sup></b>	<b>Per Capita Income<sup>(2,3)</sup></b>	<b>Personal Income<sup>(3)</sup></b>	<b>Unemployment Rate<sup>(4)</sup></b>
2007	207,358	\$ 37,259	\$ 7,725,951,722	3.3%
2008	209,257	37,302	7,805,704,614	4.4%
2009	211,506	37,367	7,903,344,702	7.6%
2010	214,089	36,025	7,712,556,225	8.7%
2011	215,391	37,261	8,025,684,051	8.0%
2012	217,420	38,095	8,282,614,900	6.9%
2013	220,133	43,504	9,576,666,032	5.7%
2014	224,116	40,562	9,090,593,192	4.5%
2015	227,582	43,563	9,914,154,666	3.7%
2016	229,324	43,563	9,990,041,412	3.4%

Notes:

- (1) State of California, Department of Finance, *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change -- January 1, 2015 and 2016*. Sacramento, California, May 2015. These population estimates incorporate 2010 census counts.
- (2) U.S. Census Bureau, American Community Survey Single Year Estimates 2007-2015. Values have not been adjusted for inflation.
- (3) Per capita income is not available for 2016, so the 2015 value was used for projecting personal income.
- (4) State of California, Employment Development Department Labor Market Information Division. Data for 2007-2009 may not be comparable. The 2016 value is the average for the year through October.

**City of Fremont**  
**Construction Permits and Estimated Value**  
**Last Ten Fiscal Years**  
(Unaudited)

Schedule 14

Fiscal year Ended June 30,	Commercial/Industrial		Residential		Total	
	Number of Permits	Estimated Value	Number of Permits	Estimated Value	Number of Permits	Estimated Value
2007	927	\$ 155,059,489	4,346	\$130,771,602	5,273	\$ 285,831,091
2008	892	244,837,898	3,464	146,059,745	4,356	390,897,643
2009	829	94,886,907	2,970	122,842,111	3,799	217,729,018
2010	894	322,308,508	3,195	116,043,844	4,089	438,352,352
2011	892	110,096,205	2,927	119,479,395	3,819	229,575,600
2012	884	133,682,758	2,861	124,453,892	3,745	258,136,650
2013	884	195,336,130	2,671	126,717,982	3,555	322,054,112
2014	865	335,068,875	3,104	112,278,572	3,969	447,347,447
2015	908	307,125,365	3,188	165,878,100	4,096	473,003,465
2016	893	278,289,511	4,149	270,495,931	5,042	548,785,442

Source: City of Fremont Community Development Department

## Statistical Section

### City of Fremont Principal Employers Current Year and Nine Years Ago <sup>(1)</sup> (Unaudited)

Schedule 15

Employer	2016			2007		
	Percentage of Total City Employment	Employees <sup>(2)</sup>	Rank	Percentage of Total City Employment	Employees	Rank
Tesla Motors	3.12%	1000-6000	1	-	-	-
Fremont Unified School District	2.47%	2,764	2	1.59%	1,672	3
Washington Hospital	2.68%	1000-5000	3	2.28%	2,400	2
Western Digital	2.68%	1000-5000	4	1.04%	1,100	7
Lam Research Corporation	2.68%	1000-5000	5	1.20%	1,261	5
Seagate Magnetics	2.68%	1000-5000	6	-	-	-
Kaiser Permanente	0.67%	500-999	7	-	-	-
City of Fremont	0.79%	891	8	-	-	-
Thermo Fisher Scientific	0.67%	500-999	9	-	-	-
Synnex Information Tech. Inc.	0.67%	500-999	10	-	-	-
New United Motor Manufacturing	-	-	-	5.41%	5,700	1
Smart Modular Technologies	-	-	-	1.25%	1,317	4
Boston Scientific/Target Therapeutics, Inc.	-	-	-	1.14%	1,200	6
AXT Incorporated	-	-	-	0.92%	972	8
Asyst Technologies	-	-	-	0.90%	947	9
Oplink Communications	-	-	-	0.85%	900	10
Office Depot	-	-	-	0.85%	900	10

Notes:

- (1) 2007 is the first year for which comparable data is available.
- (2) Number of Employees listed as a range as provided by source.

Source: City of Fremont Economic Development Department

**City of Fremont**  
**Full-time Equivalent Employees by Function**  
**Last Ten Calendar Years**  
(Unaudited)

## Schedule 16

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Public Safety</u>										
Fire	153.00	161.00	161.00	152.00	152.50	152.50	153.00	154.00	157.00	158.00
Police	294.00	302.00	302.00	287.00	287.00	287.00	282.00	287.50	296.50	303.50
Total	447.00	463.00	463.00	439.00	439.50	439.50	435.00	441.50	453.50	461.50
<u>Other Community Services</u>										
Community Development	106.42	108.3	113.5	99.27	98.34	60.75	61.00	57.30	60.30	68.05
Economic Development	4.64	4.69	4.68	4.57	3.65	3.65	4.00	4.00	4.00	4.00
Human Services	43.97	52.32	52.80	51.80	54.50	54.50	56.50	58.15	59.93	60.55
Public Works	112.9	116.15	116.03	103.11	103.23	109.24	110.24	111.61	117.61	121.53
Community Services	67.35	67.35	69.35	61.85	61.85	93.43	94.41	88.51	90.01	90.76
Housing and Redevelopment	13.99	12.91	13.72	11.93	12.10	12.10	0.00	0.00	0.00	0.00
Total	349.27	361.72	370.08	332.53	333.67	333.67	326.15	319.57	331.85	344.89
<u>Administrative Systems</u>										
City Manager's Office	7.70	7.70	7.45	5.25	6.15	6.25	6.80	8.80	9.30	9.80
City Attorney	10.75	10.75	10.50	9.42	9.42	9.42	9.67	9.92	9.92	9.92
City Clerk	6.30	5.30	5.30	4.25	4.20	4.20	4.20	4.20	4.20	3.95
Finance	25.75	24.75	24.75	21.65	21.65	21.55	21.75	22.75	22.75	24.00
Information Systems	20.40	21.90	21.90	19.90	19.90	19.90	22.00	22.00	22.00	23.00
Human Resources	17.00	17.00	17.00	14.00	14.00	14.00	14.00	14.00	13.50	14.25
Total	87.90	87.40	86.90	74.47	75.32	75.32	78.42	81.67	81.67	84.92
<b>Citywide Total</b>	<b>884.17</b>	<b>912.12</b>	<b>919.98</b>	<b>846.00</b>	<b>848.49</b>	<b>848.49</b>	<b>839.57</b>	<b>842.74</b>	<b>867.02</b>	<b>891.31</b>

## Statistical Section

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### City of Fremont Operating Indicators by Function Last Ten Calendar Years (Unaudited)

Schedule 17

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<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016<sup>(1)</sup></u>
<u>Police</u>										
Physical arrests	6,535	6,345	5,903	5,731	4,934	4,266	3,705	3,986	3,768	3,667
Vehicle moving and parking violations	14,545	17,563	15,849	15,839	13,152	9,829	10,535	11,709	10,435	14,577
<u>Fire</u>										
Emergency responses <sup>(2)</sup>	13,535	13,190	13,067	12,958	13,003	13,320	13,445	13,952	14,686	15,567
Fires extinguished	489	462	371	360	331	313	370	364	388	410
<u>Parks and recreation</u>										
Number of recreation classes registrants	24,072	23,885	23,329	25,410	24,905	26,329	31,521	31,900	33,187	34,000

Notes:

(1) Projected through year end based on data received through September 2016.

(2) Includes responses within the City of Fremont only; does not include mutual aid responses to Union City, Newark, etc.

**City of Fremont**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Calendar Years**  
(Unaudited)

**Schedule 18**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Police</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Police fleet cars & motorcycles	N/A	199	186	168	179	179	179	180	181	187
<u>Fire</u>										
Stations	10	10	11	11	11	11	11	11	11	11
Engines	16	16	16	16	16	16	16	16	16	16
Trucks	3	3	3	3	3	3	3	3	3	3
Patrols (Wildland units, etc.)	6	6	6	6	6	6	6	6	6	6
Specialized Apparatus (Hazmat Response, Rescue & WMD/MCI)	-	-	-	-	-	3	3	3	3	3
<u>Parks and recreation</u>										
Acreage	1,053	1,053	1,053	1,053	1,191	1,191	1,205	1,213	1,213	1,213
Playgrounds	52	52	52	52	52	52	52	52	52	52
Baseball/softball diamonds	24	24	24	24	24	24	24	24	24	24
Soccer/football fields	17	17	17	17	17	17	17	17	17	17
Community centers	5	5	5	5	5	5	5	5	5	5
Water park	-	-	1	1	1	1	1	1	1	1

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